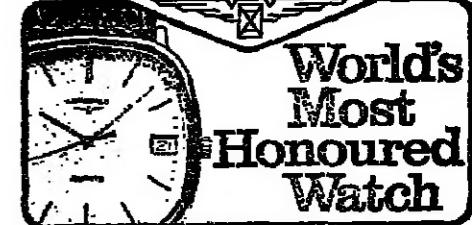


Friday December 22 1978

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GENERAL BUSINESS

Three soldiers die in ambush

Three soldiers were killed in an ambush on the Ulster border yesterday as the Provisional IRA emphasised its message that there would be no Christmas ceasefire.

All three were hit by machine-guns fire from the rear of a van which drew up near a checkpoint in Crossmaglen, Co. Armagh. In terms of casualties, it was the worst single incident involving the army this year.

The village was crowded during the attack and shoppers fled to the ground to avoid cross fire.

A search was mounted on both sides of the border for the killers. The army said it was uncertain whether any of the attackers were hit by return fire from troops.

Journalists lose blacking appeal

The National Union of Journalists yesterday failed to reverse a High Court decision which the TUC considers will severely restrict the freedom of trade-unionists to take sympathy action in industrial disputes.

The union was appealing against a decision to grant an injunction to Express Newspapers ordering the NUJ to lift its instruction to Express group journalists to black Press Association copy. The Court of Appeal refused the union leave to appeal to the Lords. Back Page

Mideast threat

President Sadat told a political rally that Egypt would never have a separate peace treaty with Israel. "The time for negotiations is over," he said. Mr. Meir Dayan, Israeli Foreign Minister, warned the U.S. against making any attempt to coerce Israel into accepting Egyptian changes to the Camp David agreement.

Iran refusal

The National Front, the Iranian Government's main political opposition, has refused to join a new civilian Cabinet being censured to replace General Azhari's military administration. Page 3

Pollution delays

The 21-day operation to limit oil pollution from the Eleni V tanker could have been concluded more quickly, according to a Government report published yesterday.

Bus-train crash

Twenty children were killed and more than 60 injured when a school bus and a crowded train were in collision near Salamanca, Western Spain.

Venus landing

A Soviet space module punched down on Venus yesterday and relayed back scientific information for almost two hours. Photographs showed a flat, rocky landscape with yellow clouds overhead.

Lorry bans

Local authorities have been given permission to impose selective bans on heavy lorries. The High Court rejected an application from road hauliers calling for an end to a Berkshire County Council ban. Back Page

Briefly

The Association of Independent Businesses has called for an increase in the value of luncheon vouchers from 15p to 21p.

Daniel Cohn-Bendit, a leader of the 1968 Paris student revolt, is free to return to France, where the 10-year ban against him has been lifted. Page 2

U.S. Secretary of State Cyrus Vance and Soviet Foreign Minister Andrei Gromyko began talks in Geneva on a new Strategic Arms Limitation agreement. Page 2

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

Treasury 5p	1988-89	£557 + 1
Ault and Wiborg	121 + 2	
Christies Int'l	156 + 5	
Guinness (A)	164 + 6	
Harris (P)	91 + 11	
Ling Proprietary "A"	125 + 5	
Leigh Interests	133 + 6	
Millets Leisure	135 + 7	
Norton and Wright	148 + 10	
Read Int'l	154 + 6	
Rolls-Royce	96 + 2	
Sotheby P. B.	345 + 9	
Taylor Woodrow	411 + 8	
FALLS:		
A. B. Electronic	160 - 4	
Bots	188 - 4	
Cohen (A)	180 - 5	
Egbo	193 - 8	
Globo	158 - 5	
Wilmot-Breedon	81 - 24	

Government warns: troops to be used if tanker men strike

BY NICK GARNETT and RICHARD EVANS

The Government has told Mr. Moss Evans, general secretary of the Transport and General Workers' Union, that troops will be used if tanker-drivers carry out their threat of a national stoppage from January 3.

The warning was delivered at a meeting between Mr. Evans, Mr. Anthony Wedgwood-Benn, the Energy Secretary, and Mr. Albert Booth, the Employment Secretary, in which he was told that the Army would be used to maintain essential services, as they were during the firemen's strike last winter.

The damage a long dispute would do to the economy was emphasised.

A national meeting of shop stewards and union negotiators for drivers at the five main oil companies was urgently convened yesterday by Mr. Evans and other senior Transport Workers' officials.

The Government's apprehension at the possibility of a strike, and its determination to use the Army in that event, were relayed by Mr. Evans.

The more pressing problem is the petrol supply dispute, and the Civil Contingency Unit of the Cabinet Office, staffed by senior civil servants, has detailed plans ready.

The drivers, who imposed an overtime ban early this year which cut oil and petrol delivery by up to 30 per cent, have submitted claims valued by the companies at more than 50 per cent, including an increase in the present basic wage of £75 to £90.

It is estimated that if there were a strike only about 25 per cent of normal supplies could be made available, and there would therefore have to be a system of strict rationing, with priority for key industries and workers.

The Confederation of British Industry is maintaining contact with the Department of Energy, and has made a study of the potential effects on industry of a fuel strike.

Ministry have given assurances that high priority would be given to maintaining industrial production by supplying fuel direct, and by ensuring that employees can get to work by public transport.

A potential difficulty under discussion at Whitehall is the prospect of trouble with strike pickets if troops move into the depots to commandeer tankers.

It will essentially be a matter for the police to maintain order and ensure access.

Petrol shortages over Christmas unlikely Page 7

cautions taken when there appeared likely to be a breakdown of essential services.

It is estimated that if there were a strike only about 25 per cent of normal supplies could be made available, and there would therefore have to be a system of strict rationing, with priority for key industries and workers.

The rise would clearly have some inflationary effect as well as reduce an already moderate rate of growth for the area.

Mr. John Fay, head of the OECD's Economics and Statistics Department, yesterday, when presenting the organisation's six-monthly Economic Outlook report, published to

the Conference of British Industry, has given assurances that high priority would be given to maintaining industrial production by supplying fuel direct, and by ensuring that employees can get to work by public transport.

The Government has prepared contingencies plans to use troops in the event of a tanker-drivers' strike or a stoppage by local authority workers.

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It was denied at 10 Downing Street yesterday that troops had been given special training in West Germany. The plans were said to be the normal pre-

OECD cuts forecast for world growth

BY ROBERT MAUTHNER

PARIS — The 24-nation Organisation for Economic Co-operation and Development has scaled down its world economic forecasts for next year following the unexpectedly large oil price rise.

The decision by the Organisation of Exporting Countries to raise prices during next year by 14.5 per cent is expected to boost the OECD area's rate of inflation by about 0.6 per cent and the member states' combined gross oil import bill by \$18bn.

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Expansion in UK demand 'to slow'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of expansion of domestic demand in the UK is likely to slow sharply in the next 12 months. Unemployment might increase slightly.

That is indicated by an analysis of the prospects for the economy in this morning's Organisation for Economic Co-operation and Development Economic Outlook.

The OECD Secretariat is more pessimistic about output and unemployment next year than the Bank of England in its recent quarterly bulletin, and slightly gloomier than the Treasury's forecast a month ago.

However, the balance of payments current account is expected to be well in surplus next year and consumer prices might rise by 5 per cent a year on average on the basis of a 10 per cent earnings rise.

The Outlook also examines the implications of a 1 per cent rise in earnings in the current round. It concludes that although the effect on activity and output would be negligible, that on inflation would be quite important.

Higher labour costs, which might push sterling down, would speed the growth of consumer prices, possibly to more than 10 per cent.

That might also add only 1 of a percentage point to the growth of total output, although the OECD notes that that calculation excludes any negative effects on business and foreign confidence resulting from a higher inflation rate, which might depress growth and lead to a larger rise in unemployment.

Assuming 10 per cent earnings rises, growth in total output is expected to slow from 2.5 per cent a year in this half year to 1.5 per cent in the second half of next year.

The Outlook assumes an increase in income tax allowances in the spring Budget only to take account of inflation, with no further tax reliefs.

The slower expansion envisaged by the OECD would mean an increase in unemployment of about 1 per cent to roughly 6 per cent by the end of 1979.

The favourable result of the slower growth should be a current account surplus of about £700m next year, mainly because of North Sea oil.

2 in New York

— Dec. 20 Previous

Spot £2,000/0-0125 £2,016-0170

1 month 0.29-0.23 dis 0.20-0.14 dis

3 months 0.67-0.59 dis 0.55-0.49 dis

12 months 2.55-2.06 dis 2.45-2.25 dis

Editorial comment Page 12

Callaghan and CBI agree wage targets

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE Prime Minister and the Confederation of British Industry last night patched up differences over the use of pay sanctions and agreed broad aims for the future of the present wage round and for longer-term pay reforms.

That emerged at talks in Downing Street after which Mr. Denis Healey, Chancellor, con-

tinued on Back Page

Cognac

What the stars don't foretell

HINE ★★★ de luxe

The number of stars on a bottle doesn't tell you much about the quality of the contents, but the name on the label can mean a great deal. Taste Hine ★★★ de luxe and you will immediately know you are drinking a Cognac of quality and distinction, stars notwithstanding.

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If stars counted for anything, long-aged Hine VSOP would command a constellation. This is truly the Connoisseurs' Cognac, appreciated everywhere for its depth and subtlety.

HINE "ANTIQUÉ"

A star of the first magnitude in the Cognac firmament. Rare, costly and distinctively packed to make it a flattering gift — a present you may prefer to give yourself.

HINE "OLD VINTAGE"

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EUROPEAN NEWS

DM 1bn aid plan for W. German ship industries

BY ADRIAN DICKS

BONN—The way now appears open for the hard-pressed West German shipbuilding and shipping industries to receive additional government assistance that could total more than DM 1bn (£270m) in order to ensure their survival during the next three to four lean years.

Chancellor Helmut Schmidt cleared away the last major obstacle to a DM 660m scheme for the shipyards yesterday afternoon, when he won over Herr Ernst Albrecht, the Christian Democratic state premier of Lower Saxony.

The Bonn government has been insisting that no programme could go ahead without the four coastal states' contributing one-third of the cost. Herr Albrecht had demurred at this, arguing that mixed state and federal responsibility would only make it harder to arrange a further restructuring of the industry which the Bonn Economics Ministry also wishes to bring about.

During a private meeting with Herr Albrecht, the Chancellor also agreed that the federal government would contribute DM 200m towards the heavy security

and running costs of the proposed Gorleben facility for storage of high-level nuclear waste materials in underground salt caverns. Herr Albrecht's government in Hanover has not yet, however, taken a final decision on whether it will allow the facility to go ahead.

The DM 660m shipyards programme is intended to strengthen German shipbuilders in their strongest suit, the construction of high-value, special purpose vessels.

The draft programme appears to accept the industry's own analysis that the years 1980-83 will see the bottom of the world shipbuilding slump. After this, the West German yards' modernisation and diversification moves are expected to place them well to benefit from a fresh upturn in orders.

Final details of the aid plan will be settled at a Cabinet meeting on January 17, when details are also expected to be announced of a plan to make up to DM 500m available to West German shipowners in loans and interest rate assistance. This should help them over a liquidity problem that is already acute in some cases.

Emminger warns of EMS difficulties for the dollar

BY JONATHAN CARR

BONN—Dr. Otmar Emminger, the President of the Bundesbank, has said that ultimately it is up to the United States whether or not the new European monetary system (EMS) brings disadvantages for the dollar.

In an interview with the weekly Deutsche Zeitung released yesterday, Dr. Emminger noted that on his recent visit to Bonn Mr. Michael Blumenthal, the American Treasury Secretary, had judged the EMS positively.

But the Bundesbank president added that if in the long term the Europeans achieved more price stability while the Americans had insufficient success in the inflation battle, some dollar holders might instead orientate themselves on the EMS.

Dr. Emminger made it quite clear that although the decision on changes in parities within the EMS lay with national Governments, the Bundesbank had no intention of allowing its

money supply policy to be undermined.

He pointed out that the Bundesbank would approach the Government with its own proposal if it felt such a development was occurring. In any case the Government itself had no interest in seeing the EMS undermine West German monetary stability.

But Dr. Emminger added that in an emergency the Bundesbank would not content itself with speaking privately. It would go before the public with raised finger and warn of the dangers. "No one should have any doubts about our determination on this issue," Dr. Emminger said.

He did not believe that the question of a currency realignment within the EMS would become "acute" in 1978. But should the moment come for such a realignment, he hoped the participating countries had now learned from the past and would not delay necessary action on prestige grounds.

Paris delay 'fault of CAP'

BY ROBERT MAUTHNER

PARIS—France does not intend to delay the introduction of the European Monetary System on January 1 as the result of its dispute with West Germany over agricultural problems, but only its application to the Common Agricultural Policy, French officials stressed here yesterday.

Up to now, the Germans have refused to accept the French demand that monetary compensation amounts, which are subsidies and levies paid on intra-Community farm trade to offset the effect on prices of currency fluctuations, should be phased out within a year.

As a result, M. Pierre Mehauguerie, the French Agricultural Minister, told his part-

ners in Brussels that the new European Currency Unit (ECU), to be created when the EMS comes into effect would not be used as the numeraire for the calculation of common farm prices until agreement was reached on the whole subject with the Germans and France's other partners.

The French hope that a compromise will be reached at the next meeting of EEC Agriculture Ministers on January 15. Although vague threats have been made by various French Ministers that the quarrel over the agricultural policy and the introduction of EMS were "closely linked," these apparently referred only to agricultural aspects of the system.

Gaullists act to block suspension

By David White

PARIS—The Gaullists in France's centre-right coalition government yesterday formed a united front to stop M. Alain Peyrefitte, the Justice Minister, being suspended from the party.

The declaration of support for M. Peyrefitte, endorsed by the remaining 10 Cabinet Ministers and Secretaries of State who belong to the Gaullist Rassemblement pour la République (RPR), provides the party leader, M. Jacques Chirac, with the most serious challenge yet to the unity of his Gaullist movement.

On Wednesday, a majority of party officials in the Seine-Maritime department, where M. Peyrefitte has his constituency, voted to suspend the Justice Minister for six months. The measure was in response to M. Peyrefitte's letter to Gaullist deputies last week, criticising M. Chirac's attacks on the Government's European policy.

The Gaullist members of the Government gave their unequivocal support to M. Peyrefitte and said they regretted the sanction against him, which has still to be confirmed by the party's central committee.

In effect, they are asking M. Chirac, whose leadership has been under fire from some other prominent Gaullists, to overrule the suspension order in the interests of keeping the party together.

This would be a serious step-down for M. Chirac, who wrote to M. Peyrefitte at the weekend suggesting he resign from the RPR. M. Peyrefitte is a former secretary-general of the UDR, the party which upheld the Gaullist banner until it became the RPR two years ago.

Yesterday's declaration marked a starking out of position by the party's pro-Giscardians after M. Chirac had tried to negotiate a truce by promising the Government not to undermine its parliamentary majority.

In a letter to M. Raymond Barre, the Prime Minister, on Tuesday, M. Chirac said the European argument would be thrashed out in the direct European elections in June, rather than in a censure motion in the National Assembly, where the Gaullists hold 155 of the 491 seats.

French remove ban on Dany le Rouge

By David White

PARIS—Daniel Cohn-Bendit is free to return to France for the first time since he emerged as a leader of the 1968 revolt of Paris students. M. Christian Bonnet, the Interior Minister, has lifted a ban imposed on M. Cohn-Bendit 16 years ago.

Now 32, M. Cohn-Bendit is French-born of German Jewish immigrant parents, and was excluded from France because he held a West German passport.

"Dany le Rouge," leader of the short-lived Movement of March 22 at Nanterre University, where the student troubles first exploded, was expelled on May 22 at the height of the disturbances, but returned clandestinely on May 28.

The handing of the negotiations had damaged "the dignity of the Irish nation" according to Mr. Frank Cluskey, the Labour Party leader, and he described the extra £50m which persuaded Prime Minister Jack Lynch to agree to join the system as "a facesaver."

Shopping by mail order, even for presents, is a growing custom in West Germany. But village shopkeepers can still look forward to a profitable festival—and a share in the hangovers.

£315 a month, plus fringe costs which add at least 75 per cent to wage overheads, this is an important saving.

Furthermore, the mail order houses do not have the vast property overheads the stores have to bear. While the larger groups maintain representative offices and showrooms in villages and towns throughout the country, they do not have the burden of filling them with stocks.

The mail order houses are catching on fast in the larger towns and cities, and even the well-to-do in the Ruppsch "Prominenten Viertel," or "Millionaires' Row," at the top of the mountain, are turning to the catalogues as the mail order group's trade up. Quelle, for instance, produces a fashion catalogue, the prices of which are well beyond the average

Rome crumbles before the tourist hordes

By PAUL BETTS

ROME—The second decline and fall of the Roman Empire, with obvious repercussions not only for the country's historical and cultural heritage but for the more mundane booming tourist business, appears to be under way.

A cancer which afflicts marble, or more specifically the sinister effects of residues of tetra-ethyl lead from air pollution and car exhausts added to the city's crescendo of traffic vibrations, are steadily and irreversibly destroying a large number of ancient Rome's finest monuments.

Already last month fragments from the Antonine Column dropped to the ground in Piazza Colonna in the heart of Rome only yards from the

main gateway of Palazzo Chigi, the seat of the Italian Prime Minister. The 30 metres high column was erected between AD 171 and 175 to celebrate the victories of the Emperor Marcus Aurelius Antoninus over the Germans and the Marcomans.

The Trajan Column with its 17 marble blocks and 2,500 engraved figures overlooking the Trajan Forum and the Wedding Cake Monument of Victor Emmanuel the Second is also at risk.

So are the three main triumphal arches of Constantine, alongside the Colosseum of Septimus Severus and of Titus in the ancient Roman forum as

are many other monuments like the temple of Antoninus and Faustina.

The extent of the threat was

grimly illustrated yesterday by Prof. Adriano La Regina, Superintendent for the city's ancient monuments, to the National Council of Art and Culture. He said the extent of the risks were as great as those facing the Acropolis in Athens. Indeed, they were on a much broader scale as they involved the entire city.

If measures were not immediately adopted, there was the danger that Romans in the next century would be surrounded by "shapeless masses of broken marble." He claimed

research and surveys on the monuments in the centre of Rome have shown beyond doubt that within a few decades all documentation of the city's past history and art will be lost."

It was too late to repair the damage already suffered by several monuments. "We can only try to prevent the damage spreading," Prof. La Regina said. "It was necessary, he suggested, to close to the public all the main monuments in the historic centre of Rome at the same time as banning cars and electrically powered transport. No cost should be spared if the fractures appearing in many monuments are to be controlled.

Although a barrier has now been erected around the Antonine Column, cars in typically Roman fashion still circle round the square, much in the same way as they together with the increasing number of airconditioned tourist buses cause traffic jams in other

parts of the historic centre where the City authorities have attempted to limit traffic.

There are, of course, conflicting interests—especially between conservationists and tourist operators—and the whole complex network of businesses associated with the tourist trade, which brought in this year some £5,000,000, according to official figures released yesterday.

Is a city like Florence where the centre has been closed to traffic to protect the cathedral and Cloister of Campanile, tourist buses nonetheless are still allowed to park alongside the Duomo. In Venice, the Socialist Mayor, Sig. Mario Rigo, has suggested many statues should be replaced by dummies if they are to be saved.

Turks call for West aid 'club'

By Muriel Marin

ANKARA—Mr. Bulent Ecevit, the Turkish Prime Minister, has asked western states to form a club to salvage the stricken Turkish economy.

His request is to be taken up in Guadaloupe next month when France's President Giscard d'Estaing, the West German Chancellor Helmut Schmidt, Prime Minister James Callaghan of Britain and President Jimmy Carter meet at a summit.

What Mr. Ecevit has in mind is what a senior aide described as a "politically motivated loan mechanism."

The loans would be in the form of urgent emergency aid desperately needed by the Turkish economy starved for imports.

Although no figures are being quoted officially, the sum required would be more than \$1bn over the next five years to go towards meeting vital import requirements.

Turkish plans for 1979, for instance, call for \$1.7bn of "additional financing" to maintain a reasonable level of development. The Turks are banking on raising \$500m from the Euromarket which is currently in progress. The remaining \$1.2bn is what Mr. Ecevit is looking forward to receiving through the "politically motivated loan mechanism."

The loans would be politically motivated in the sense that they would enable Mr. Ecevit to prevent his country from slipping from economic to political and social chaos. The west, the Turks reason, would therefore benefit from not having a potential Iran on its hands.

The developments in Iran, with which Turkey has a 330 km border, seem to have added credibility to Mr. Ecevit's new move, according to his aide.

Codes now the main SALT talks issue

By Reginald Dale

GENEVA

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Palestinians hit in reprisal for border rocket attack

By SEAN HEALEY

BEIRUT — An artillery duel raged across the Lebanon-Israel border yesterday as Israeli gunners pounded the Moslem town of Nabatiyah about six miles from the border.

The shelling, described as the worst since the Israeli invasion of southern Lebanon last March, followed an early morning rocket attack by Palestinian guerrillas against the Israeli-occupied Christian sector of Kiryat Shmona.

A Palestinian spokesman said the attack was retaliation for Wednesday's air strike by Israeli warplanes against Palestinian arms and positions in the Tyre area on the southern Lebanese coast.

The Palestinians put their casualties at two dead and eleven wounded, most of whom were civilians. Press accounts from the field said the casualty figure is much higher.

Nabatiyah is the main centre for what is known as the Palestinian enclave, located between the Jordan and Litani rivers. Palestinian guerrillas were concentrated there after they were pushed back from the border area by the invading Israeli forces in March.

The border sector is now controlled in one part by Israeli-equipped Christian militia and in another by United Nations forces.

Observers noted that the rocket attack on Kiryat Shmona confirmed earlier reports that the guerrillas have managed to infiltrate behind UN lines. The reports said that about 300 commandos with heavy weapons and equipment are believed to be operating inside the UN-controlled zone.

The Palestine Liberation Organisation was reported to have promised earlier to dis-

Egyptians rebut Israel statements

By Roger Matthews

CAIRO — In a point-by-point rebuttal of Israeli statements made after the mediation efforts last week by Mr. Cyrus Vance, the U.S. Secretary of State, Egyptian officials said the Israeli had changed their minds on several points.

Eye-witnesses said the Israeli shelling created chaos for the civilian population in Nabatiyah. Initial reports put the number of casualties at 15. A strategic guerrilla artillery position located at the Arnoun hill outside the town was also shelled, the witnesses added.

David Leesman adds from Jerusalem: Mr. Menahem Begin, the Israeli Prime Minister, said there was not connection between the latest flare-up and the peace talks with Egypt.

He said the Israeli air raid on Palestinian bases in Lebanon, which preceded the attack on Kiryat Shmona, was a legitimate act of self defence against those bases from which the orders were given to attack Israel.

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casualties at two dead and eleven wounded, most of whom were civilians. Press accounts from the field said the casualty figure is much higher.

Zambia draws more IMF credit

By MICHAEL HOLMAN

LUSAKA — Zambia has drawn a further SDR 25m tranche under the two-year SDR 215m International Monetary Fund (IMF) programme agreed in March this year, a senior bank of Zambia official said yesterday.

Drawings now total SDR 180m. The agreement provided for an immediate drawing of SDR 40m, under the compensatory finance facility. Of the SDR 250m standby facility, SDR 50m was drawn when the agreement was ratified in April, and the balance is being released quarterly, subject to fulfilment of IMF terms. A further SDR

16m from the trust fund is expected in early January.

The credit was provided at between 4.2 per cent and 4.7 per cent interest, and is repayable over three years, after two years' grace, with provision for rescheduling.

The programme's terms include progressive reduction of overall balance-of-payments deficits, to achieve balance in 1980, restraints on government spending, including cuts in consumer subsidies, reduction of losses in the mining industry and phased elimination of arrears in import and other payments.

Government officials say they

have met IMF targets through the exercise of strict financial discipline. One exception was the target for reduction of arrears in payments for imports and remittance of profits and dividends. The year-end target was SDR 430m, about 440m Kwacha.

Although the mid-year limit of 475m Kwacha was met, the backlog of copper exports knocked the economy seriously of course. The backlog of 80,000 tonnes (12 per cent of 1978 production and worth over £100m at today's prices), and, as a result, arrears have climbed to about 500m Kwacha.

Botha sets Namibia terms

By QUENTIN PEEL

WINDHOEK — P. W. Botha, the South African Prime Minister, yesterday described the dangers to South Africa, including economic sanctions and a continuing guerrilla war, of an internal settlement without international recognition in Namibia (South West Africa).

At a closed session of the Namibian assembly, which was elected in a South African supervised poll boycotted by the major black nationalist groups, he explained how far his Government was prepared to go to seek an internationally-acceptable settlement and the safeguards it was demanding from the UN to prevent forcible seizure of power by the guerrilla forces of the South West Africa People's Organisation (SWAPO).

The South African Prime Minister arrived at the Turnhalle building, where the assembly meets, in a black Cadillac preceded by riot police armed with FN rifles and machine pistols, and accompanied by Mr. P. W. Botha, the South African Foreign Minister, Gen. Magnus Malan, commander of the South African defence force, civil servants and diplomats.

The 50-member Assembly is dominated by the Democratic Turnhalle Alliance (DTA) which won a landslide victory in the South African-sponsored elections and which is decidedly unenthusiastic about a second election next year under UN supervision, as proposed by the UN Security Council.

Mr. Dirk Mudge, chairman of the DTA, yesterday laid down two essential preconditions to any such solution in the territory—a guaranteed timescale to the next round of elections, and additional guarantees of UN impartiality.

Members of the assembly remained silent on details of the discussion when they broke for lunch after 2½ hours, although Mr. Botha declared himself "satisfied" with the talks. Some delegates' questions were "more difficult than seemed on the surface," he said.

The presence of General Malan indicates that the military situation on the Namibian border, and South Africa's commitments to defence of that territory in the event of a failure of present settlement efforts, was under discussion.

South Africa has promised the five Western members of

the UN Security Council to "use its best offices" to persuade the territory's internal leaders to opt for an international settlement, and UN-supervised elections. However, South African officials have stressed that no overt pressure will be put on the assembly to agree to a further poll.

Observers sympathetic to the South African Government think that Mr. Botha is doing his best to persuade the internal leaders of the need to achieve the widest possible international recognition, although not at the cost of what is described as "national suicide."

Less sympathetic observers are more sceptical, believing that the South African Government is not convinced of the benefit of a UN supervised poll, if there is any danger that SWAPO might emerge victorious.

South African officials are apparently confident that the nationalist movement will itself back out of any election at the last minute.

SWAPO has described the exercise as a farce, but spokesmen here maintain that it is prepared to take part in a UN-supervised election as proposed by the Security Council.

Civilian Cabinet setback in Iran

By SIMON HENDERSON

TEHRAN — The National Front, Iran's main organisation of political as against religious opposition, has refused to join in a new civilian Cabinet now being envisaged as a replacement to the military-led administration of General Azhari.

The Front, headed along with the opposition of the religious leaders, makes it unlikely that the new Government will achieve much political legitimacy even if it is formed. Dr. Sanjabi, the National Front leader, says in a letter to Dr. Gholam Hosseini Sadig, the prospective Prime Minister, that it was with great regret that he had heard that Dr. Sadig had accepted the mission of trying to form a Government.

Both men were in Dr. Mossadegh's administration in the 1950s during which the Shah had to flee the country temporarily. In his letter published yesterday, Dr.

Sanjabi reminded his former colleague of his compatriotism then in the same effort, struggling against "this very dictatorial system which has not changed its nature."

Dr. Sadig has not associated himself since with the present-day National Front's comparatively hard line against the Shah's regime. The emphasis and use of the phrase "regime" is important as observers think this line is not as strong as that taken by supporters of the Ayatollah Khomeini, the exiled religious leader who wants the Shah to be removed.

Dr. Sanjabi told Dr. Sadig that the latter's acceptance of the responsibility of forming a new Government will be considered in the negotiation of his past record. He reminded Dr. Sadig that he was determined that the Shah stays out of the day-to-day running of the Government.

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OPEC price warning over dollar

KUWAIT — Mr. RENE ORTIZ, Secretary General of the Organisation of Petroleum Exporting Countries (OPEC) warned yesterday that the group may consider a further increase in the price of oil before June, if the U.S. dollar falls further and international inflation rises more.

In an interview with Kuwait's news agency KUNA, Mr. Ortiz rejected the strong criticism levelled by western industrial nations against OPEC for increasing the price of oil by a phased 14.5 per cent at its last

annual meeting in Abu Dhabi last weekend.

The next regular OPEC meeting was scheduled in Geneva in June, "to consider any further decline in the value of the U.S. dollar, and to take proper measures to meet this," he said.

"But if the international economy deteriorates rapidly, there is a possibility that an emergency OPEC ministerial meeting may be held before then," he added.

Ortiz defended the price hike as "a very moderate and responsible move." It was fully

BANGLADESH ELECTION

Easy win likely for Zia

By KEVIN RAFFERTY IN DACC

MOST of Bangladesh's main opposition parties have threatened to boycott the January 27 general election, heralded as the country's return to democracy.

Judging by the vigorous tone of the public pronouncements, what promised to be a confused fusion of names and parties and interests and splinter groups, with electors facing lists of 20 or more candidates, looks like turning into a one-party show for the benefit of President Zia or Rahman.

Reality however is still there to be haggled over and horse-trading is continuing at meetings of the public pronouncements, what promised to be a confused fusion of names and parties and interests and splinter groups, with electors facing lists of 20 or more candidates, looks like turning into a one-party show for the benefit of President Zia or Rahman.

Mr. Mustapha Khalil, the Prime Minister, would attend this weekend's talks.

The Egyptians rebutted all five points raised by Mr. Menahem Begin, Israel's Prime Minister, earlier this week:

• Egypt wanted a change to Article Six because of Israel's subsequent interpretation that Egypt's obligation to Israel to precede precedence over other obligations.

• Egypt was emphatically not trying to establish guardianship of the Gaza Strip, but was seeking to ensure an orderly transfer of authority and free elections by the presence of a liaison group there.

• During the first four days of the peace talks, Egypt had said it wanted either side to have the right to call for a review of security arrangements in Sinai five years after the peace treaty was signed. This was sensible because such security arrangements as the positioning of UN forces, were intended as only temporary measures.

• Egypt had not hardened its line over a date for elections to a Palestinian authority in the Gaza Strip or the West Bank, or for the establishment.

• On Israeli claims that Egypt had put back the date for exchanging ambassadors, the officials said this had been contingent on Israel's previous agreement on accelerating withdrawal from Sinai.

It is not possible to lift martial law. It would leave a gap which only Parliament can fill.

He promised the elections would still be "absolutely fair," adding "it is important to go to the people and I am anxious that there should be exchanges of views. To form opinions it is necessary to talk to one another.

Let the parties talk. The biggest success will be that Parliament is given the right to be an arbiter of power. One

"I fought to treat this country and its people.

"I cannot do everything in 'I am not going to see the politics of this country. Nor can 10 fellows' class mess it up."

Taipei doubt on U.S. sincerity

THE "de-recognition of Taiwan by the U.S. will inevitably produce some adverse effects on the island's economy in the short-term future," the Premier, Mr. Sun Yuan-sun, told a group of foreign correspondents yesterday. Whether the impact was more than temporary would depend on measures taken to safeguard Taiwan's security, the Premier added.

Mr. Sun said he doubted the sincerity of U.S. expressions of concern about Taiwanese security and wanted to see concrete steps taken by Washington to improve the situation.

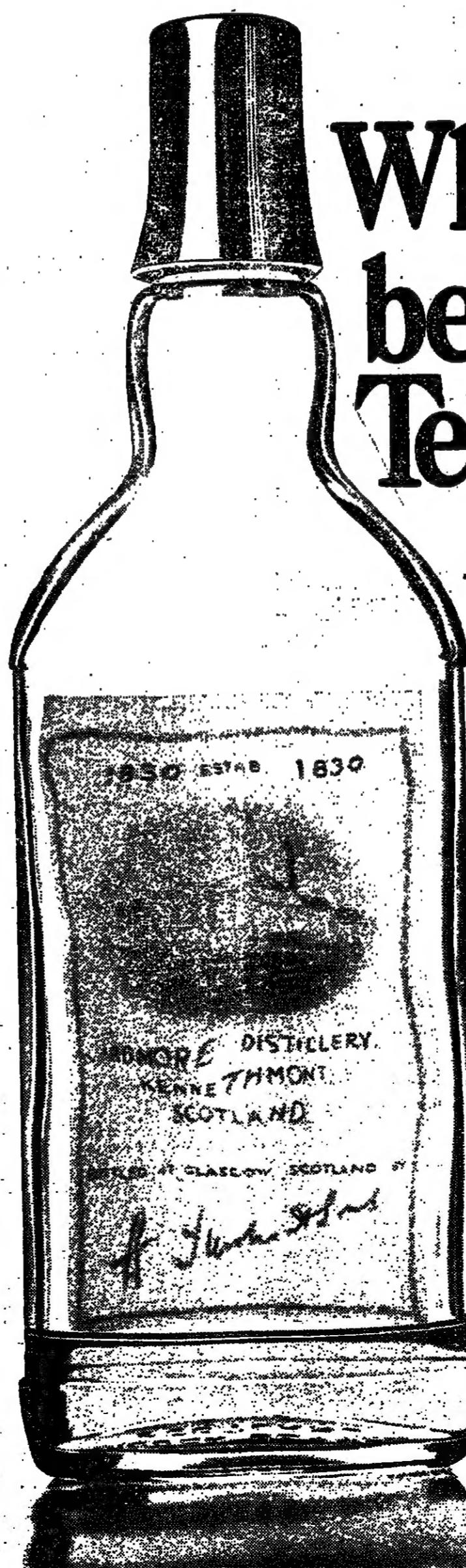
Taiwan had submitted "quite a long" arms shopping list which included new high performance aircraft and the Harpoon defensive missile. It had not yet received a positive answer from Washington.

Bhutto warning

MR. ZULFIKAR ALI BHUTTO, Pakistan's condemned former Prime Minister, yesterday concluded his personal appeal against execution with a sharp warning of the "traumatic" consequences for the country if he is hanged. Christopher Sherwell reports from Rawalpindi. "People have been going through agony because of what's happened to me," he told the seven judges of the Supreme Court. Mr. Bhutto again insisted he was innocent of conspiring to murder

accused the opposition Congress party of being involved in the hijacking of an airliner in protest at the jailing of former Indian Prime Minister, Mrs. Indira Gandhi. K. K. Sharma reports from New Delhi.

The hijackers surrendered to police early yesterday but mob violence, arson and demonstrations continued throughout the country, particularly in the south.



What goes on behind the Teacher's back?

The next time you're enjoying a Teacher's, turn the bottle round and look at the back of the label.

There you will see a picture of a malt distillery.

Remember, all blended brands contain grain whiskies and malt whiskies (which cost at least twice as much as grain).

But Teacher's contains more malt than other popular blends.

And that's what gives you the distinctive Teacher's taste, all the way down.

Teacher's. In a class of its own.

Mexican investment will boost jobs

By William Chislett

MEXICO CITY—The Mexican Government and the private sector hope to create between them 600,000 new jobs next year, but even if this optimistic figure is realised it will not stop the level of unemployment from increasing. The population will grow by at least 2m in 1979 to about 69m and an estimated 800,000 new jobs will be needed just to check the rise in unemployment, which is currently said to be 47 per cent taking into account underemployment.

In its 1.1 trillion peso (\$56.8bn) budget for 1979 the Government has mentioned as a target the creation of 300,000 new jobs. The private sector has also promised the same number. This is indicative of the upward swing in the economy and growing confidence. The budget is 20 per cent higher than this year's.

Public and private investment to create new jobs next year will be in the region of \$23bn and the Government will provide most of it. The Labour Ministry estimates that 350,000 new jobs were created by November this year by the private and public sectors.

The budget reflects the Government's conviction that stage two of the six-year plan—to consolidate the achievements of the last two years—can now be entered. Stage three is to move on to higher growth rates.

This year inflation has been cut slightly from last year's 20 per cent to between 16 and 17 per cent. The gross domestic product will increase by 8 per cent compared to three per cent last year and the peso has held firm during the past year with a narrow band of fluctuation. Next year the Government feels that inflation can be further reduced to between 12 and 13 per cent and that GDP will increase by 6.5 per cent.

The number one priority in the public sector remains Pemex, the state-owned oil monopoly, which next year will get 218.2bn pesos (\$8.4bn), 39 per cent of the public sector total and three times as much as the federal electricity commission, the next priority.

Oil is the pivotal force in the economy. Pemex's exports are worth \$2bn this year and next year are calculated to reach dollars \$3.75bn, a massive contribution to the country which could turn the present current account balance of payments deficit (\$2.6bn this year) into a surplus in the not too distant future.

The Pemex money will go towards developing more wells and boosting daily production from the present 1.4m barrels to 2m barrels by 1980 so releasing about a million barrels a day for export, but this will entail the creation of few jobs since the oil industry is not labour intensive.

The Government is placing more emphasis on agriculture and fishing next year after neglecting this sector for too long with the hope of creating more jobs. The increase in food production will this year, for the seventh year running, fail to meet the rise in population, which is increasing by 3.5 per cent a year.

About 40 per cent of the country's work force is employed in the countryside and only accounts for 8 per cent of the GDP. In some states like Durango only about 40 per cent are regularly employed. The Government is not unduly worried by the prospect that Mexico will never be self-sufficient in food for foreign exchange earnings from oil can easily pay any food import bill. What is troubling the Government more is the likelihood that rural unemployment is bound to produce mounting social pressure.

Part of the budget will go towards reducing income tax for lower paid workers while tighter measures will be taken against tax dodgers. The Finance Ministry will be able next year to ask for details of earnings and expenses in those cases where it has reason to believe that a person's life style is out of keeping with his officially declared earnings. Nevertheless many people doubt that this will mean that more of the fabulously rich, who are notorious for getting around tax laws, will be caught out.

Tax relief will also be applied to companies to the extent that the excess profits tax will be done away with and replaced by VAT in 1980. The Government feels that this will be more efficient in raising revenue without scaring the private sector away from investing.

After two years of a severe cut-back in domestic demand with lower real wages the Mexican economy is now beginning to expand again. This can be gauged from the increased trade deficit which will end this year at around \$2bn compared with \$1.3bn last year.

Concorde wins go-ahead for subsonic flights deal

By MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.S. civil aviation authorities have cleared Concorde for subsonic operations in that country, enabling British Airways and Braniff International to start flights between Washington and Dallas/Fort Worth, Texas, on January 12.

The U.S. Civil Aeronautics Board and Federal Aviation Administration have been examining Concorde for many months, and are now satisfied that it not only meets the necessary safety and airworthiness requirements for operations inside the U.S. but is also quiet enough for domestic flights.

Any doubts the two bodies may have had about Concorde appear to have been dispelled by the trouble-free visit the aircraft made last week to 18 U.S. cities. More than 250,000 Americans crowded airports in Texas, Arizona, Oklahoma, Kansas, Tennessee and Colorado to see it.

The joint BA/Braniff plan is for BA to fly Concorde supersonically between London and Washington, and for Braniff to fly the aircraft subsonically

between Washington and Dallas/Fort Worth, starting about mid-January.

If this is successful, Braniff may lease a Concorde to fly to other points in its network in central and northern South America.

In the meantime, BA and Singapore Airlines have agreed to resume Concorde flights to Singapore, via Bahrain, on January 24.

The flights have been suspended for over a year, because of Malaysian Government objections, on environmental grounds, to Concorde flights down the Straits of Malacca.

A statement by the two airlines, after the Malaysian Government's own statement earlier this month approving the resumption of flights, says there will be three flights a week each way—outwards from London on Mondays, Wednesdays and Fridays, and inwards from Singapore on Tuesdays, Thursdays and Saturdays.

The single Concorde fare, London-Singapore, will be £795.50.

Claims in the U.S. by Senator William Proxmire, one of Concorde's most bitter critics, that the aircraft suffered from wing cracks and was thus a safety hazard, were dismissed yesterday not only by Mr. Brock Adams, the U.S. Transportation Secretary, but also by Concorde's manufacturers, British Aerospace and Aerospatiale.

It was pointed out that some wing cracks, found more than a year ago, had already been fully dealt with by modifications, and the aircraft has been performing without problems since then.

Moreover, the U.S. airworthiness authorities had fully investigated the matter during 1978, and had found no problems to prevent them from clearing the aircraft for U.S. internal flights, while the UK and French airworthiness authorities had also cleared the aircraft.

Mr. Adams said: "The Anglo-French authorities have found that there is no hazard to safety, and we concur now that the existence of the problem is known and the cracks are controlled."

Car workers' leader warns of challenge to pay policy

By STEWART FLEMING

NEW YORK—Mr. Douglas Fraser, head of one of the most influential U.S. trade unions, the United Auto Workers, has warned that the union may decide to abandon its three-year agreement with the car manufacturers in favour of a short-term contract.

Mr. Fraser said that because of the "unsettled economic climate," a three-year contract might not be in the best interests of the union's 1.4m members.

Mr. Fraser's remarks are yet another sign of organised labour's fears about the impact of the Carter Administration's wages policy which aims to limit

wage increases to around 7 per cent in the first year of any new contract.

Although additional fringe benefit allowances will raise that figure slightly in some cases, the Administration is now conceding that inflation in 1979 will probably be higher than 7 per cent.

The auto workers' current three-year contract expires on September 14, 1979, and, depending on the level of wage increases negotiated, a settlement in the industry could help or impair the Carter anti-inflation programme. The auto industry settlement will follow the

Teamster's Union negotiations with the trucking industry in March.

Mr. Fraser has previously given carefully qualified support to the anti-inflation programme, partly, it is felt, because he has no reason to come down either for or against it before he sees it in action.

A decision by unions in the cars, steel, coal or trucking industries to abandon the traditional three-year contract or seek a clause allowing renegotiation in the light of changed economic circumstances, could add to the Administration's problems.

Record aircraft orders forecast

By DAVID BUCHAN

WASHINGTON—Discount air fares, stimulating additional air travel, will lead airlines to order aircraft from U.S. manufacturers in record numbers next year, the Commerce Department predicted yesterday in an annual forecast on the U.S. aerospace industry.

Aircraft sales, the Department says, are likely to rise by 40 per cent in 1979, to \$15.1bn. This includes a forecast 60 per cent increase in civil aircraft sales to \$10.9bn.

Airline profitability, likely to be at a record level this year, may be hurt by the recent OPEC oil price rise, since aircraft are heavy users of oil. Nonetheless, the airlines have been generally launching a big re-equipment programme, partly the result of federal regulations requiring them to use less noisy aircraft.

The rise in military aircraft sales will be less dramatic, 10 per cent next year. This presumably reflects in part President Carter's decision to limit U.S. aircraft orders which aims to limit

arms sales to many third world countries, and the fact that one big buyer, Iran, has for the time being virtually dropped out of the American market.

The Commerce Department predicts that next year total aerospace exports, including aircraft, engines, spare parts, missiles and space vehicles, from the U.S. will reach \$12.9bn, and imports \$1.1bn. Overall, total U.S. aerospace sales will increase by 20 per cent next year to \$47bn.

Mixed reaction to budget cuts

By OUR OWN CORRESPONDENT

WASHINGTON—President Carter's plan to cut social and welfare programmes financed by the federal Government, as a means of paring the 1979-80 budget deficit to \$30bn, has met a mixed reaction: sharp criticism from Democratic city mayors and qualified approval from governors of both political persuasions.

The President has been preparing the outline of the budget he will present to Congress next month, among some controversy caused by his intention to main-

tain defence spending at the expense of domestic programmes.

Whether the new defence budget will show a real increase along the lines of the NATO commitment—remains to be seen.

Nine Democratic mayors from some of the biggest cities were critical, when they met Mr. Carter on Wednesday, of his reported plan to cut \$5bn off public sector jobs, \$5bn off welfare, and \$6bn off public housing. The Mayor of Boston

warned that this could damage the big city democrat vote which Mr. Carter will need if he seeks re-election in 1980.

Mr. Carter, however, found more sympathy with his goal of reducing inflationary pressures by cutting federal spending from the National Governors Association. The governors suggested that federal money could be saved by channelling more regional aid through their offices rather than through those of city mayors.

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BOND DRAWINGS

SUBSTITUTE

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NOTICE IS HEREBY GIVEN that, pursuant to the Agreement, dated December 22, 1971 between the Development Bank of Singapore Ltd. and Bank of America National Trust and Savings Association, a United States bank, the sum of \$10,000,000 due on January 15, 1979 has been met by purchase in the market to the nominal value of US\$6,94,000 and by a drawing of Bonds to the nominal value of US\$3,056,000.

The numbers of the Bonds so drawn in the presence of a Notary Public for the fourth redemption are as follows:

00011	00022	00023	00028	00178	00180	00181	00510	00512	01013	01014	01015	01016	01017	01018	01019	01020	01021	01022	01023	01024	01025	01026	01027	01028	01029	01030	01031	01032	01033	01034	01035	01036	01037	01038	01039	01040	01041	01042	01043	01044	01045	01046	01047	01048	01049	01050	01051	01052	01053	01054	01055	01056	01057	01058	01059	01060	01061	01062	01063	01064	01065	01066	01067	01068	01069	01070	01071	01072	01073	01074	01075	01076	01077	01078	01079	01080	01081	01082	01083	01084	01085	01086	01087	01088	01089	01090	01091	01092	01093	01094	01095	01096	01097	01098	01099	01010	01011	01012	01013	01014	01015	01016	01017	01018	01019	01020	01021	01022	01023	01024	01025	01026	01027	01028	01029	01030	01031	01032	01033	01034	01035	01036	01037	01038	01039	01040	01041	01042	01043	01044	01045	01046	01047	01048	01049	01050	01051	01052	01053	01054	01055	01056	01057	01058	01059	01060	01061	01062	01063	01064	01065	01066	01067	01068	01069	01070	01071	01072	01073	01074	01075	01076	01077	01078	01079	01080	01081	01082	01083	01084	01085	01086	01087	01088	01089	01090	01091	01092	01093	01094	01095	01096	01097	01098	01099	01010	01011	01012	01013	01014	01015	01016	01017	01018	01019	01020	01021	01022	01023	01024	01025	01026	01027	01028	01029	01030	01031	01032	01033	01034	01035	01036	01037	01038	01039	01040	01041	01042	01043	01044	01045	01046	01047	01048	01049	01050	01051	01052	01053	01054	01055	01056	01057	01058	01059	01060	01061	01062	01063	01064	01065	01066	01067	01068	01069	01070	01071	01072	01073	01074	01075	01076	01077	01078	01079	01080	01081	01082	01083	01084	01085	01086	01087	01088	01089	01090	01091	01092	01093	01094	01095	01096	01097	01098	01099	01010	01011	01012	01013	01014	01015	01016	01017	01018	01019	01020	01021	01022	01023	01024	01025	01026	01027	01028	01029	01030	01031	01032	01033	01034	01035	01036	01037	01038	01039	01040	01041	01042	01043	01044	01045	01046	01047	01048	01049	01050	01051	01052	01053	01054	01055	01056	01057	01058	01059	01060	01061	01062	01063	01064	01065	01066	01067	01068	01069	01070	01071	01072	01073	01074	01075	01076	01077	01078	01079	01080	01081	01082	01083	01084	01085	01086	01087	01088	01089	01090	01091	01092	01093	01094	01095	01096	01097	01098	01099	01010	01011	01012	01013	01014	01015	01016	01017	01018	01019	01020	01021	01022	01023	01024	01025	01026	01027	01028	01029	01030	01031	01032	01033	01034	01035	01036	01037	01038	01039	01040	01041	01042	01043	01044	01045	01046	01047	01048	01049	01050	01051	01052	01053	01054	01055	01056	01057	01058	01059	01060	01061	01062	01063	01064	01065	01066	01067	01068	01069	01070	01071	01072	01073	01074	01075	01076	01077	01078	01079	01080	01081	01082	01083	01084	01085	01086	01087	01088	01089	01090	01091	01092	01093	01094	01095	01096	01097	01098	01099	01010	01011	01012	01013	01014	01015	01016	01017	01018	01019	01020	01021	01022	01023	01024	01025	01026	01027	01028	01029	01030	01031	01032	01033	01034	01035	01036	01037	01038	01039	01040	01041	01042	01043	01044	01045	01046	01047	01048	01049	01050	01051	01052	01053	01054	01055	01056	01057	01058	01059	01060	01061	01062	01063	01064	01065	01066	01067	01068	01069	01070	01071	01072	01073	01074	01075	01076	01077	01078	01079	01080	01081	01082	01083	01084	01085	01086	01087	01088	01089	01090	01091	01092	01093	01094	01095	01096	01097	01098	01099	01010	01011	01012	01013	01014	01015	01016	01017	01018	01019	01020	01021	01022	01023	01024	01025	01026	01027	01028	01029	01030	01031	01032	01033	01034	01035	01036	01037	01038	01039	01040	01041	01042	01043	01044	01045	01046	01047	01048	01049	01050	01051	01052	01053	01054	01055	01056	01057	01058	01059	01060	01061	01062	01063	01064	01065	01066	01067	01068	01069	01070	01071	01072	01073	01074	01075	01076	01077	01078	01079	01080	01081	01082	01083	01084	01085	01086	01087	01088	01089	01090	01091	01092	01093	01094	01095	01096	01097	01098	01099	01010	01011	01012	01013	01014	01015	01016	01017	01018	01019	01020	01021	01022	01023	01024	01025	01026	01027	01028	01029	01030	01031	01032	01033	01034	01035	01036	01037	01038	01039	01040	01041	01042	01043	01044	01045	01046	01047	01048	01049	01050	01051	01052	01053	01054	01055	01056	01057	01058	01059	01060	01061	01062	01063	01064	01065	01066	01067	01068	01069	01070	01071	01072	01073	01074	01075	01076	01077	01078	01079	01080	01081	01082	01083	01084	01085	01086	01087	01088	01089	01090	01091	01092	01093	01094	01095	01096	01097

UK NEWS

BL tops safety complaint survey

By Kenneth Gooding
Motor Industry Correspondent

The British Safety Council, the independent industrial safety organisation, said yesterday that a provisional analysis of the results of a "hotline" survey on new car safety showed that half of all complaints were made against BL cars.

Callers who telephoned the council's offices during a week-long scheme put Ford into second place with 17 per cent of the complaints. Chrysler scored 9 per cent and General Motors (Vauxhall and Opel) 7 per cent.

The council hopes that the scheme will enable significant statistical details of defects on particular makes and models of cars to be assembled.

It has several times unsuccessfully insisted that the Department of Transport should adopt a similar scheme on a full-time basis.

So the council went ahead with a trial scheme and 1,100 motorists who telephoned have been sent questionnaires. The completed forms will be analysed by the U.S. Department of Transportation's computer. The department runs a hotline scheme in the U.S.

The car was most widely criticised, with 12 per cent of all complaints against it in the council's scheme, was the Mini. Many complaints concerned its braking and steering.

BL has since announced that it will recall 100,000 Minis to check for possible defects in the brake master cylinder.

Mr. James Tye, director-general of the council, which has no Government support but draws its income from the fees of the 36,000 corporate members and its industrial safety training courses, commented: "The statistics are disturbing for car owners and the nation alike."

"They indicate that British manufacturers are not only lagging behind in meeting production schedules but also failing to maintain adequate standards of safety and workmanship."

Volkswagen offers jobs and training

By Kenneth Gooding

VOLKSWAGEN HAS launched a scheme to provide job opportunities in Britain by retraining people as motor mechanics for its UK dealer network.

The project, set up with the Manpower Services Commission, is believed to be the first time that a company has offered specialist training as part of the Government retraining scheme.

The commission is contributing to the cost of the scheme. The plan is to provide 60 skilled VW-Audi mechanics during the first year, costing Volkswagen about £1,200 a person.

Volkswagen will take students retraining as motor mechanics at Government Skillcentres and give them an eight-week specialist course at its new training complex at Milton Keynes and at the VW-Audi dealership that will eventually employ them.

Mr. Bill Bawden, the company's parts and service director, said yesterday: "We are aware that the number of trained mechanics entering the motor trade has diminished dramatically. This scheme will not solve all the problems, but it will certainly help reverse the trend."

Bedford claims market lead

By Michael Donne, Aerospace Correspondent

BEDFORD, the General Motors subsidiary, claimed yesterday that it would emerge as the top UK truck producer in 1978 as well as the main exporter.

Output will reach 48,400 trucks (vehicles of over 3.5 tons gross weight), of which 29,500 will be exported.

With vans added to the total, Bedford's wholesale sales for 1978, at about 115,400, will be the company's second-highest, beaten only by the 1971 figure of 123,563.

Total commercial vehicle exports (including vans) will show a 20 per cent improvement to 58,620.

This is now widely regarded

as the fourth channel go-ahead

BY ARTHUR SANDLES

THE INDEPENDENT Broadcasting Authority has been given approval for setting up transmission facilities for Britain's fourth television channel. The winner of the programme contract is not known.

Mr. Merlin Rees, Home Secretary, said yesterday that he would introduce a short Bill after the Christmas Parliamentary recess to enable the work, the authority which has long campaigned for the fourth channel to be given to commercial television, expresses concern about eventual payment for the work.

The financial arrangement will need discussion when the terms of the proposed legislation are known. Pending decisions about the ultimate use of the fourth channel, the authority has said it will undertake the temporary use of its own funds for the purpose.

ing for the fourth channel throughout the UK.

If the Bill becomes law, the authority will be able to use its funds for the purpose.

According to Mr. Rees, the particular pressure is for a Welsh-language service scheduled to start in autumn, 1982.

However, although welcoming the chance to do the necessary engineering, including the temporary use of its own funds for the purpose.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Time to
change
career?

COULD YOU be studying Spanish in evening classes? Might you persuade your employer to send you on a computer appreciation course? Coming at this time of year, such questions are almost certain to invite the answer "No." But executives really ought to formalise their career planning by asking such questions systematically, and by indulging in deep thought, probably extending over several weeks, according to a personnel expert from PA Management Consultants, writing in the latest issue of *The Business Graduate*.

"Nine out of 10 managers have no idea what took them into their current job (personnel, marketing, production, management or whatever)," claims Peter Greenaway.

It is no good doing one's personal sketching on one's doses in the train on the way home, he argues. It needs time and structure—a number of key topics around which to arrange the facts and collect one's thoughts.

Greenaway's key headings are: Qualifications and Training; Work Experience; Personality; and Domestic Considerations.

Under the heading of experience, he warns that too many people talk of work as if it were a passive occupation; we tend to say "I was the marketing manager of Cruncho Crisps" when the more active way of looking at it is to say "I made the marketing policy for Cruncho."

Less a matter of aggressive presentation, and more one of real substance, is Mr. Greenaway's question of why people succeed in some jobs and not in others. "A good salesman, did I make a poor sales manager?" "Fulfilled and successful, in a head office staff role, did I then find the posting to the manufacturing sharp end less congenial and probably less successful?"

Under "personality," he includes such questions as "Can we negotiate? (Most of us think we can—but can we really?); "Am I a cool and logical thinker, or an intuitive seat-of-the-pants merchant?"; and "Am I a fast worker or a plodder?"

The Business Graduate, Autumn 1978, Journal of the Business Graduates Association, 87 Jermyn Street, London SW1 Y00 7TJ. 01-830 3388/5.

Joggers, brass monkeys and you

David Fishlock on the dangers of the daily constitutional



ONE OF my friends was on his daily constitutional in west London when he espied his boss jogging towards him. Having no wish, he says, to embarrass a man 25 years his senior, he hid behind a tree until the danger had passed.

This is just one of the dangers endemic in the fashion for jogging—to which I, for one, have not yet succumbed.

I run quite enough risks in my own favourite form of regular exercise—walking briskly, head high, up escalators. City gent tends to stand smartly on the right, as instructed, with their furled umbrellas at 45 degrees to both the vertical and the line of the escalator, the ferrule thus pointing wickedly towards the unwary climber.

A couple of years ago the BBC Overseas Service gave some publicity to a story, authenticated by the U.S. medical press, of a 53-year-old doctor who, while jogging in New Jersey one winter morning in a temperature of minus 8 degrees, contracted incipient frostbite of the genitals.

The nearest, perhaps, to jogger's syndrome is a condition called athletic pseudonephritis, more colloquially translated as jogger's kidney. The symptoms are those of inflammation of the kidney, a potentially very serious problem, although in the case of the jogger it seems to clear up in a couple of days.

The danger is that the doctor will diagnose it as the real thing and unduly alarm his patient, as well as prescribing some unpleasant tests. We'll come back to the cause of jogger's kidney.

More easily explained, it seems, is jogger's nipple, mainly female complaint, albeit one which sometimes bothers the overweight male executive. The cause seems to lie in the unaccustomed abrasion of the nipples against the clothing. The cure, of course, is simply a little lubrication—or a bra.

All of which leads one to ask, in the true spirit of inquiry, whether there is a scientific basis for jogging. A popular activity which is seen by some as a trifle exhibitionistic and by others as just too much like hard work. But will those who plan to ease the excesses of the coming weekend by donning a tracksuit be doing more than merely basking in a virtuous post-prandial glow?

Some of the medical folk who have looked seriously at the subject seem to be convinced that regular exercise does you

good. One or two studies have indicated that modern Western society has become quite incredibly sedentary. One study taken in Dublin, for instance, showed that about 25 per cent of the population was remarkably inactive both at work and in its leisure time, moving no more than a total of half a mile a day. As one researcher commented drily, there is now a lot of evidence that something like one-in-four of us gets little more exercise than if we were to lie in bed all day.

Professor Peter Fentem, of the University Hospital and Medical School, Nottingham, and a medical scientist who approached the subject of regular exercise as a sceptic and became a convert. He has been doing some studies for the Sports Council and wrote of his findings in the *New Scientist* recently.

It is said that exercise is good for you. Oddly enough, the scientific evidence for this statement has only recently been garnered, as a result of some ingenious new ways of observing the human engine at work. One of these, joggers may be a little discomfited to learn, is to remove fragments from living muscles while they are working. Another is to take untrained volunteers and persuade them to train very selectively—one limb at a time, for example—so that direct comparisons can be made, on the same human engine, between exercised and un-

exercised muscles. (This must be the source of Monty Python's Ministry of Funny Walks.)

What clearly emerges is that an unexercised limb is a less efficient biochemical machine. Untrained muscles release lactate, a chemical effluent which not only represents wastage of energy but limits the amount of power the muscles can offer and also causes pain and discomfort—in a word, cramp. Trained muscles, on the other hand, make better use of their fuel supply, harnessing perhaps two-thirds instead of only half the oxygen being delivered by the blood.

Of course, the muscle with which the jogger is usually pre-occupied is the heart: a gentle pump weighing about 300 grams, which pulsates about 100,000 times in propelling 14,000 litres of blood a day round the human engine. Even at rest this muscle accounts for about 11 per cent of the body's heat output. It demands about the same percentage of the body's blood supply.

What can it do for my heart? is the first question asked by most people who seriously contemplate exercise. They may be disappointed to learn that exercise will not increase the heart's output of blood.

But the heart muscle moves in mysterious ways. Paradoxically, as Professor Fentem points out, a trained or regularly exercised heart beats more slowly than a neglected one. However, a slower beat means

that the pump itself is demanding less energy to propel the same volume of blood. Again, less energy is needed to pump the same volume against a low blood pressure than against a high blood pressure in the circulatory system.

And so, concludes the professor, "the effect of training is not so much to improve the heart's performance as to spare it by reducing the amount of work it has to perform and, by increasing its reserve, permitting even more exercise to be taken than before."

Following the consequences a little further round the subsystems of the human engine, however, we find there comes a point when exertion will demand more blood than the pump can provide. The first organs to suffer deprivation will be the intestines and kidneys—hence the problem of athletic pseudonephritis or jogger's kidney. Trained muscles need less blood and hence raise the threshold at which the gut is drained of blood to fulfil their demands.

On the scientific case, it would seem, is being established that regular exercise—planned maintenance, as it were—is a good thing for the human engine. But what of jogging per se? It is fashionable and the evangelists have sold the idea to literally millions of Americans, right up to President Carter—as a drive round the parks of Washington on even a cold and wet Sunday

will testify. "Don't quote me," says one doctor, "but executives want instant health, and the attraction of jogging is that it is over quickly. Just 20 minutes a day gives you results." He adds, however, that walking the same distance, while taking you longer, will give you the same results.

The problem for the medical scientists is how to prescribe a universal regime of exercise which could do some good for the human engine yet not bring the more sadly neglected ageing ones too close to collapse. The problem was one exercising the 300 delegates from nearly 40 countries who attended the International Conference on Sports Cardiology in Rome earlier this year. According to World Health, the WHO journal, there was general agreement that the precise way in which exercise improves a person's health is still not understood.

But physical activity ought to be maintained above a certain threshold—about 2,000 calories (8.4 megajoules) per week should be expended in strenuous exercise during which the heart rate should reach 130-150 beats per minute."

Professor Fentem points out, however, that accurate measurement of heart rate after exercise is more difficult than it seems. The heart rate falls so fast that a delay of only a second or two will give a result that is too low. "Thus a person can easily over-estimate his level of fitness."

He offers instead some empirical guidelines. At about 70 per cent of our peak capacity for short-term exercise we all begin to experience signs of distress, such as aching legs or true breathlessness. No one, he says, should train to a level which provokes such symptoms. Another is not to exercise beyond the point at which you can still hold a conversation. Yet another is to find a level of exercise you can sustain for an hour without distress, then maintain this level regularly—at least four days a week—for 15 minutes at a time.

He adds a note of warning: you can't bank exercise. It is useful only while you are taking it regularly. Food for thought, you might say, for those who are planning to undo the damage wrought in the next few days by popping into what Americans cheerfully call the "fat farm" early in the New Year.

At eight miles high
one doesn't need
four breakfasts

BY NICHOLAS LESLIE

IT MAY well be coincidence, but we really were night unto Bethlehem when I saw the light. I was just tucking into my fourth breakfast of the morning when I was struck by the realisation that perhaps I was overdoing the carbohydrate intake.

We ectomorphs rarely have to think about what we eat. Built like greyhounds, we're the ones who don't bore people to death about dieting. All the same, or so I have been reliably informed, even we can put a strain on our systems by overeating. It doesn't manifest itself in excess weight, but the rate at which we burn up food can apparently give the old heart a bit of a jolt.

So, when the warning came (could it have been from above?) After all, I was flying eight miles up, so perhaps the reception there is clearer than at ground level) I took heed.

There is a very real danger of murdering one's digestive system on long journeys through the firmament. Just think about it a moment. I had had a light breakfast a little before 4 o'clock in the morning before catching my flight. Less than three hours later I was being offered a light snack—nothing too heavy, mind you, since we were going to be allowed to snatch a quick forty winks. Two hours later, somewhere over the Gulf and feeling somewhat refreshed, along came a very hearty breakfast.

I resolved that next time I would abstain from certain meals, no matter what the temptation. In a belated effort to compensate for my inactivity I began to walk around the aircraft. Perhaps special facilities should be organised for passengers so that they are press-ganged into some obligatory exercises—Oriental-style.

For over-eating is not the only peril. Idleness compounds the danger. Since it is supposedly bad for one's circulation, a colleague had a nasty turn recently after returning from the East, when 12 hours of total inactivity precipitated a blood clot. The answer? Keep moving and don't cross your legs when you are sitting down.

These observations are hacked up by no formal medical training whatever, but clearly even ectomorphs must have a care.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

COMPUTING

Novas shrink but power increases

Harnessing recent advances in microcircuit technology to its drive to improve performance or reduce costs, Data General has brought out a new series of three machines in its Nova range. They are the Nova 4/C, 4/S and 4/X.

The first provides speed and capabilities comparable with its predecessors, but shrunk into the compactness of a single board. Whereas such machines traditionally require four boards or more, the two other machines are built on two boards and give a 50 per cent speed increase at much lower cost.

One of the main targets for the announcement is the other equipment manufacturer who will benefit particularly from the facility in the new machines for self-diagnosis. This will immediately show users what the problem is and permit much quicker rectifications.

Nova 4/X can store up to 256,000 characters of information in main memory, the two other machines store 64,000 characters. Compatibility has been retained with all existing models in the series and a variety of languages including Fortran and business basic is supported.

These microprogrammed machines have the same architecture as the 16-bit Nova 3 machines, with a high speed buffer helping to eliminate the need for a buffer.

Further details from Data General on 01-572 7455.

TEXTILES

Improvement of carpets

BRITISH Carpet Manufacturers Association, backed on a 50:50 basis by the Department of Industry through the Garment and Allied Industries Requirements Board (GARIB), has commissioned a contract research project at the Shirley Institute to improve the methods used for jointing carpet yarns.

Aim is to reduce the number of yarn breakages resulting from weak joints in winding, weaving, and tufting; avoid blockages caused by joints that are too stiff or too bulky, and cut down the extent to which finished carpets need to be "mended" by the manual removal of unsightly joints.

Spinners will benefit by being able to produce better-quality yarn that is more easily processed by the carpet manufacturer, and both productivity and the quality of the end-product will be improved.

Main lines being investigated

cycle to fetch data from memory in most cases. Instruction execution times are typically 400 nanoseconds for a start and 200 for an add.

Apart from the advantages of the diagnostics routines, which make high up-times easier to achieve, the machines, through their construction, provide higher reliability; there is a considerable reduction in the number of interconnections and gold-plated pins used on the back panels allow extremely reliable push-on connectors to be applied.

Among options is one for battery back-up that will support 256 Kbytes of memory for 90 minutes. A floating point unit may be installed to operate in parallel with the central processor and works much faster than similar units in the past.

The new Model 190 accelerometer is a novel concept in acceleration measurement and has a two-wire electrical layout for both signal and power, thus providing virtually unlimited transmission distances with no special wiring or cables. It is self-contained in a combination weatherproof and explosion-proof enclosure.

Providing a standard 4.20mA dc output signal proportional to peak acceleration over a switch-selected range of 0.2-0.5G, it can be used for indicating or recording control purposes. Model 190 employs up-to-date solid state circuitry

with an IC regulator, to minimise output variations. A diode bridge input circuit allows operation with the leads connected in either polarity. The transducer is a piezoelectric charge generator type, with an internal pre-amplifier, whose power is supplied by a constant current generator.

The output of the transducer is approximately 10mV per "G", peak acceleration with output current limiting at approximately 125 per cent of output signal.

The new accelerometer is used to monitor vibration levels of rotating or reciprocating machinery to detect mechanical malfunction.

Robertshaw Skil, Greenhey Place, East Gillibrands, Skelmersdale WN8 9SB, Skelmersdale 23671.

INSTRUMENTS

Monitoring of vibration

ACCELERATION to current transducer which has application in vibration monitoring has been introduced by Robertshaw Skil of Skelmersdale, Lancashire.

The new Model 190 accelerometer is a novel concept in acceleration measurement and has a two-wire electrical layout for both signal and power, thus providing virtually unlimited transmission distances with no special wiring or cables. It is self-contained in a combination weatherproof and explosion-proof enclosure.

This self-contained unit can record levels from three orders of magnitude below the threshold of human perception up to ten times the level of structural failure—in acceler-

PROCESSES

Metal pre-treatment chemicals

TRI-KEM, Northampton-based manufacturer of process chemicals for the metal finishing industry, has negotiated a contract with the Chemi-Cat Corporation of Detroit to make and market under licence the latter's pre-treatment chemicals for use in cathodic electropainting.

Hitherto the technology for cathodic electropaint has centred in the U.S. and licensing agreements have been negotiated throughout Europe by P.P.G. Industries Inc. of Pittsburgh. Use of the cathodic system in the automotive and domestic appliance market

offers many advantages over the conventional anodic system, the main benefit being that of increased rust inhibition on the finished painted product.

Chemi-Cat Corporation claims to be market leader for all pre-treatments prior to cathodic electropaint, and to have a major share of this business in relation to the automotive industry.

Tri-Kem, recognising the advances made by Chemi-Cat in improving zinc phosphating in treatments, has secured an agreement with the company on access to this technology which gives the UK

attention will be paid to piping systems and the assembly and maintenance of hydraulic equipment. Most of the papers will be given by experts from the hydraulics industry.

The seminar will be of interest to all concerned with the design, specification, assembly or maintenance of hydraulic equipment on machine tools.

Recent and forthcoming developments will probably extend use of hydraulics for some of these applications, particularly those in which complex systems of valves may be required.

Whatever the application, the seminar will be of interest to the machine tool industry.

After an introductory paper setting out the machine tool industry's requirements for hydraulic equipment, the role of hydraulics in machine tools will be discussed and some new developments described.

Some typical machine tool applications will be discussed and particular

attention will be paid to pipe-work systems and the assembly and maintenance of hydraulic equipment.

The seminar will be placed closer to the sides of containers and warehouse walls, thus ensuring maximum utilisation of available space.

An important aspect of the side-shifter is the way in which it saves time in the vital operation of placing the load. Instead of moving the whole truck in order to reach the right spot, the operator can drive the truck into roughly the right position to set down the load and then use the side shifter for accurate positioning. In this way unnecessary movements of the truck are avoided, saving time, and the work-load of the operator is reduced.

Komatsu Europe, Mechelsesteenweg 556, B-1890 Vilvoorde, Belgium.

Vibration is recorded

AMONG A number of seismic and vibration measuring instruments made by Kinematics in the U.S. and available in this country from Fennings Environmental Products is the VM-1, a highly sensitive vibration monitor specifically designed for the determination of levels and modal frequencies in high-rise buildings, bridges, big turbine foundations, and similar large structures.

This self-contained unit can record levels from three orders of magnitude below the threshold of human perception up to ten times the level of structural failure—in acceler-

ation terms from a millionth to four "g."

LOMBARD

The forecasting charade

BY DAVID LASCELLES IN NEW YORK

A short while ago, Mr. William Miller, chairman of the Federal Reserve Board, said of the U.S. economy: "We will have no recession unless we talk ourselves into it." Today, everybody seems to be doing just that. We have just entered the traditional year-end forecasting period when economists at banks, brokerage houses and businesses put out their predictions for the year ahead. In most cases these reports are lavishly produced, and equally lavishly presented at Press luncheons or receptions. So far, the contents have been almost universally gloomy, differing only on whether they think the inevitable recession will start in the first or second half of next year.

Not surprisingly, this sudden welter of bearish news has had its effect on the markets. Shares have faltered, and bond prices have gone into a decline. One of the leading brokerage houses managed single-handedly to knock three points off the Dow Jones index with its forecast of record interest rates and recession at the end of 1978. No one doubts that these forecasts are put out with the best of intentions—to inform and stimulate the economic debate. But the striking point is that few if any of them are subjected to much critical scrutiny. The market simply reads, reacts and moves on to the next one. And in most cases one suspects, dealers react less to the report itself than to how they expect the rest of the market to react.

What it amounts to is something of a charade, with economists making predictions which have an immediate impact but get forgotten long before they are proved right or wrong, and with markets trying to anticipate recession. In short, Mr. Miller is right. The fact that the forecasters are all predicting gloom only increases the likelihood of them being proved correct. It is not entirely the forecasters' fault, of course. The publicists and the markets must share some of the blame. But economists, particularly those engaged in long-term forecasting, are lucky people. Their forecasts are quickly forgotten, and few of them are ever called to account. Also, since many people are in the business of predicting in one form or another, the pressure to bring forecasters to book is very small. But perhaps the dangers Mr. Miller harped on could be lessened if the forecasters' per-

formance was more closely followed, and the winners and losers invited to bask or wriggle in the glare of publicity.

This suggestion is bound to upset the forecasters. They always say that retrospectives are unfair because predictions are "modified" as time goes by. But that evades the point. We are talking about the impact of a prediction at a particular moment in time. If they don't care to be held accountable at that moment, then they would do better to keep quiet.

But can they keep quiet? Not in New York, where it is inconceivable that a major Wall Street institution should fail to come out with its annual predictions. It would be like omitting a dividend, and since these predictions usually make good copy, they are picked up and publicised by the Press. But if someone is to keep track of the forecasters, who should it be? The Press would have to play some kind of role because the results must be publicised to be effective. But the Press is by nature less interested in the past than the future. And since it is also to some extent in the forecasting business, it is unlikely to do the job with much enthusiasm.

Data processing

It would presumably have to be left to a specialist organisation or publication, which is probably why one of the few attempts at matching last year's forecasts with fact was made by Euromoney, the London monthly. Their survey, published a few weeks ago, showed that of all the hundreds of predictions made for the U.S. GNP growth and consumer price rises, only six were on target for the first and seven for the second. And only one organisation, Chemical Bank, got them both right.

In Britain, only the London Business School and Item Club were right on GNP, and nobody correctly predicted the rise in consumer prices.

By any standards, this is a dismal record for what is now a multi-million dollar business with all the latest data processing technology at its fingertips, and one would do well to bear this in mind while the year-end prediction rush is on. Not that economists are wholly unaware of their failings. As one quipped here the other day: "I hear the crystal ball manufacturer just issued a big recall."

Blue Braes (R. Head).

Unlucky not to land a novice hurdler last term this son of Invanya's sister, Strathaven, will be all the better for his

Pebble Mill. 1.45 Heads and Tails. 2.00 "The Adventures of Huckleberry Finn." 3.45 Tom and Jerry. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Pixies and Dixie. 4.25 Jackanory Writing Competition. 4.45 Captain Caveman. 4.50 Crackerjack. 5.35 The Clangers Cartoon (London, and South East only).

5.45 News. 6.00 Emu's Broadcasting Company.

6.35 Rolf at Christmas starring Rolf Harris.

7.10 Star Trek. 8.00 Citizen Smith.

8.30 The Liver Birds.

9.00 News. 9.00 News.

BBC 1 and BBC 2 television programmes may not be screened owing to industrial action.

BBC 1

+ indicates programme in black and white

9.55 am Paddington. 9.55 10.10 Why Don't You. 10.25 Charlie Brown. 11.00 Buck Rogers. 11.30 The Fantastic Journey. 12.05 pm Tom and Jerry. 12.30 A Christmas Carol. 12.45 News. 1.00

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THE ARTS

كما من الممكن

The best pantomime this Christmas

by NIGEL ANDREWS

The First Great Train Robbery
(AA) Leicester Square Theatre
Dog Soldiers (X)
London Pavilion
Dear Inspector (X) Curzon
Every Which Way But Loose (AA) Warner West End, Scene
ABC Fulham Road

nam War. The film appears at least five years too late, it seems to me, since not only has the war itself ended, but so to a great degree has the disenchanted aftermath that mood of desperate scepticism and moral disorientation which had its catharsis in Watergate...

Set in Victorian England and subtitled 'a tale of the last days of a great public theft' in 1855, Michael Crichton's *The First Great Train Robbery* is an unlikely and intriguing entry into a range of plots from the world of Westerns and Connery. Crichton has shaved his hair for a serious Science Fiction tales of man's inhumanity to man, and constructed a 'camp' movie that after initial fumbling (an overdone 'state of stir' Victorian pastiche in the dialogue and of course 'slapstick' in the action) emerges as irresistibly lively and English.

If you are short of ideas for family entertainment this Christmas, look no further. The film boasts some handsome pantomime-style settings—from a glittering mock-up of Crystal Palace to a colourful backdrop of St Paul's—and a winning double-act by Sean Connery and Donald Sutherland. Connery twirls his beard as a Victorian pheasant with a taste for Perfect Crimes, and Sutherland is his shaggy Irish accomplice adept at cracking both safes (other peoples') and knuckles (his own).

It is Connery's inspiration to rob a train carrying government gold bullion to the coast for shipment to the Crimean War. The first problem is to find and duplicate the four safe-keys, which have diverse owners. The second problem is to break into the guard compartment of the moving train and break out with the gold. The first occasions some scenes of elegant subterfuge, spiced with sexual diversion tactics by Connery's mistress (Lesley-Anne Down), and garnished with acrobatics by ballerina Wayne Sleep as a contortionist specially sprung from prison for his criminal expertise.

The second inspires a cliff-hanging piece de resistance worthy of Tolstoy. Connery, performing his own stunts, runs the length and breadth of a fast-moving locomotive roof while the bridge keep looming up and threatening to decapitate him. He has never seen so much emphatic ducking and weaving of heads in an audience watching this sequence. At the end of the film, in a mixture of general approbation and nervous exultation, the Press show audience broke into happy and jubilant applause.

Great Reise's Dog Soldiers is a sour, silent and curiously dark post-mortem on the Viet-

nam War. The film appears at least five years too late, it seems to me, since not only has the war itself ended, but so to a great degree has the disenchanted aftermath that mood of desperate scepticism and moral disorientation which had its catharsis in Watergate...

Reisz's film, based on a novel by Robert Stone, tells the story of an American soldier returning from Vietnam (Nick Nolte) who agrees to smuggle heroin back into the States for one of his service friends (Michael Moriarty). In America he contacts his friend's wife (Tuesday Weld) as instructed, but learns that she knows nothing of the deal and does not have the

money to pay him. Narrowly

evading the attentions of a ruthlessly inquisitive CIA agent (Anthony Zerbe), Nolte takes

to the open country with Miss

Weld, finds a hilltop hideout,

and waits for the world to come to him. In due course the world does so, in the shape of Zerbe

and his henchmen, newly joined

(under duress) by Nolte's

returned Vietnam comrade.

Siege, shoot-out and showdown follow.

What that allegory is all

about, if it is about anything

beyond the transcendently glib

sententia that life is a moral

jungle not only in Vietnam but

back on the home front, remains

an enigma. Strong, sensitive

photography (by Richard H.

Kline), and ditto performances

from Tuesday Weld and Michael Moriarty, make the film seem even more of a sad waste of energy and intelligence than it might otherwise have been.

After *Pardon Mon Ami*, Too One fears the worst from French comedies opening at the Curzon cinema. But *Dear Inspector* is a surprise and a delight. It is co-written and directed by Philippe de Broca, who has had a picturesquely up-and-down career in the French cinema, with a tendency to disappear without trace between isolated successes. (This is one of the successes.)

And, it stars Annie Girardot—

spiky, volatile and attractive—as

a Paris police inspector: a lone

bastion of feminine distinction

in a world of aggressively exclusive Male Chauvinist Piggery.

The film also stars portly Philippe Noiret as the man Mlle Girardot knocks over on a bicycle one day and falls in love with. M. Noiret returns her love, goes on teaching Greek at the Sorbonne and has no idea that Mlle. Girardot is a 'flic.' While that plot thickens, another one starts up. Numerous French Deputies start to die off after being punctured in the back with sharp instruments. (Awls, to be exact.) Can Mlle. Girardot (a) solve the crime (b) keep her professional identity a secret from M. Noiret, whom she thinks it might deter romantically?

The film works like a charm. The crime plot has just enough exotic plausibility to compel interest and suspense, and de Broca beautifully interweaves with it his off-centre sad-movie, middle-aged romance. Well worth a visit.

One cannot say the same for *Every Which Way But Loose*. Philo's your regular easy-going guy, says the Press synopsis about this film's hero, played by Clint Eastwood. Those wishing to model themselves on Philo-Eastwood's easy-going regularity may wish to know that it includes having an orangutan as a best friend, developing a state-hopping amour for a Country and Western singer (Sandra Locke) and using his fists to pulverise his fellow men at frequent intervals, in the service either of financial gain—he invites bets on impromptu boxing fights—or of self-defence. Instances of the latter are precipitated by Eastwood's simultaneous harassment by a large gang of spider-tattooed Hell's Angels from Los Angeles, and by two LA policemen whom he ill-advisedly falls in a bar-room brawl.

The orangutan steals the film. Not that there is much competition. Mr. Eastwood, playing a Californian trucker with what seems to be an awful lot of time on his hands, repeats with Miss Locke their Immovable-Force-and-Impassable-Object romantic duo from *The Gauntlet*: while Ruth Gordon overacts almost certifiably, like a pixie on LSP, as Eastwood's eccentric mother. The film has a desperate and unsavourable unidimension. So inchedly does the avalanche of American virility clichés tumble from the screen that one neither knows, nor greatly cares, what is coming next. At the Press screening, as if to prove the point, two reels were shown in the wrong order: with no one in the audience perceptibly disconcerted.

Clint Eastwood has developed a habit recently of homing in on British cinema screens at around Christmas-time (last year with *The Gauntlet*, the year before with *The Enforcer*). The timing is apt, since Eastwood's increasingly far-fetched movies, gift-wrapped in machismo, but so preposterous as to be inoffensive, offer the closest approximation currently available to adult Disney.

Another side of Wehren was illuminated by the beautiful setting for chorus and orchestra of Hildegard Jones's poem *Das Augenlicht* (which made a deep impression at the London ISCM Festival of 1988) and the First Cantata, to words by the same poet, in which this often fugitive (but not indefinite) composer becomes at moments positively assertive. The five Schubert songs (though the *Rossmusik* Romance, strictly speaking, hardly needed this attention) sit very well on Wehren's orchestra.

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Uneasy New Year calm

THESE IS a sharp contrast between the actual New Year forecasts in the new OECD Economic Outlook, which are reassuring, and the prose assessment which exhibits a good deal of anxiety about the future.

The forecasts are reassuring because they show not only a continuation in the present upward movement in the main industrialised countries which make up the bulk of the Organisation's membership, but because of a change in the composition of that growth. The U.S. growth rate is expected to slow down while that of Germany to increase, thus reversing the previous pattern of a U.S. led recovery. Other things being equal this should ease the pressures on both the dollar and the mark.

The OECD forecasts perform one useful purpose—even to those who are sceptical about such operation. This is that they can be much more frank about the likely slowdown in U.S. growth—now seen as falling to 1 per cent in the course of 1979—than the Administration in Washington, which tries to pretend that it has rejected all thought of recession to curb inflation and currency weakness.

Even more interesting is an OECD estimate of what it calls the productivity shortfall since 1974. This is the amount by which output per man has fallen below its previous trend line. Part of the shortfall is assigned to cyclical factors, in other words to the severity of the last recession and imperfect recovery from it. But a large part of the shortfall is not directly due to business cycle factors. The two countries with the biggest shortfall here are the UK and Italy, averaging 2 to 2½ per cent pa each, which in terms of annual rates is very large indeed.

Job-Saving

The OECD mentions "employment-supporting" measures, such as industrial subsidies and special public sector employment programmes, and legislation increasing the cost of lay-offs. It would be interesting to know if these measures have been larger in extent, or simply more restrictive in design and application, in Britain and Italy than in France and Germany. As for the results, unemployment figures which the OECD tries to put on a common basis—15 higher in Britain and Italy than either in France or Germany or the general average. These figures do not prove that "job saving" activity destroys jobs, but they do at least suggest that Mr. Callaghan should stop boasting about the sums of money he has forced the taxpayer to put into a myriad of industrial schemes until he can show better evidence of results than any so far available.

The alternative to the OECD approach is not, as is often

A ten-nation Community

GRECE's negotiations for membership of the European Community have now passed the critical watershed, and the event is one which should, on general political grounds, be warmly welcomed. Like the two other applicant countries, Spain and Portugal, Greece has long sought closer links with the Community and for many years the Community insisted that only democratic countries could be offered membership. Now that all three countries have once again become democratic, it is inevitable and appropriate that the way should be opened for them to join the Community.

In Greece's case the political arguments are particularly telling. Greece has been associated with the Community ever since 1962, and the motivating force for that association—the need to link the country more closely with its Nato allies in Europe—still holds good today. Indeed, it is arguable that Turkey, which has also been associated with the EEC, for a very similar length of time and for identical reasons, should in turn become a full member, if only this might help ease the conflicts between Athens and Ankara.

Problems

These general political arguments in favour of the enlargement of the Community can not hide the very real practical problems to which it will give rise. When negotiations became a practical issue, these problems began to loom much larger, and fell into two main categories: the free movement of workers, and participation in the common agricultural policy. The Germans, who benefited from the immigration of large numbers of "guest workers" in the boom years, and then were saddled with the problems of what to do with them in the slump, have been afraid of mass immigration from the poor Mediterranean countries. The French and Italians have been afraid that Greece, Spain and Portugal would offer unacceptable

alleged "to leave things to the markets," as if that were a policy. What is required is some study of the conditions under which markets will function best, and of the general rules of action—as distinct from ad hoc interventions—by which Governments can promote that stability. The OECD warns that unless the readiness of industrial countries to adjust to a changed system of demand is stepped up, the world "could risk stepping back by half a century into trade war conditions."

One of the most interesting single estimates which the OECD does is that every 10 per cent rise in the dollar price of oil adds 1 per cent to the average national inflation rate. As the OECD assumed a very moderate oil price increase the rise just announced by OPEC will add the full 1 per cent to the inflation rate—assuming accommodating monetary policies—and thus make it likely that world inflation will after all start to rise again in the course of 1979. The abrupt shock would have been avoided if OPEC had priced in SDRs and thus made a gradual adjustment to changing currency values.

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There is no easy or straightforward explanation why the dollar has fallen by nearly 15 per cent on average since the middle of last year and by much more against the world's strong currencies. Consequently there is no sure way of saying when, or if, a lasting rally will develop.

At one level some economists argue that to talk of a dollar problem is misleading and is to mistake the symptom for the disease. On a longer-term view it is, of course, possible to point to the great expansion of dollar holdings overseas over the last decade and to the desire of major investors to spread their portfolios among a range of currencies besides the dollar.

But the decision to switch investments also reflected a more immediate concern about the U.S. economy. In particular, the initial pressure in mid-1977 was prompted by the downturn from a U.S. current account surplus of \$4.3bn in 1976 to a deficit of

reflecting the reduction of their investible surplus, and the cash squeeze on some countries.

The importance of capital flows out of the U.S. is shown by new OECD estimates of official purchases of dollars to support the rate made by central banks of the major industrialised countries. They amounted to \$47.5bn in 1977 and the first nine months of this year combined, compared with a total current account deficit for the period of \$29.6bn. Moreover there was intervention of \$86bn in October alone. These figures understate the scale of central bank activity, with gross market intervention of \$55bn between February and the end of October. These totals highlight the point that no amount of intervention can mop up downward pressures and prevent a decline in the rate if the monetary flows are in the opposite direction.

These pressures appear to have been aggravated by the diversification of reserves by oil-producing states and other developing countries. In the first three months of this year there was a switch by OPEC countries of a little over \$1bn out of dollar assets into those denominated in other currencies in Euromarkets, even though OPEC states added \$1.4bn to their financial investment in the U.S. In the second quarter identified OPEC financial investment in the U.S. fell by \$2.1bn—the first drop since the increase of oil prices in late 1973.

However, in this period, the aggregate reserves of the OPEC countries dropped by \$3.1bn and the reduction of dollar investments may have largely

reflected the reduction of their investible surplus, and the cash squeeze on some countries.

that the current account deficit

would decline by about \$10bn in 1979 to between \$7bn and \$8bn as exports benefited from the sharp improvement of the competitive position of the U.S. and from the expected faster growth in Europe.

The unstated hope was this

would be sufficient to convince

market sceptics that the dollar had, as all the politicians claimed, been undervalued. In

many respects the success of the

operation might be judged by

the extent to which it was

unnecessary to draw on the

\$300bn support facilities. For

instance the turnaround of

confidence in sterling had been

reflected in the drawing of only

half of the IMF standby credit

and none of the Basic safety net

to protect against sudden with-

drawals of sterling balances.

But confidence has not yet

returned in the dollar. After the

initial sharp rally the market

has tested the willingness of the

U.S. authorities and foreign cen-

tral banks to intervene both to

maintain orderly markets and to

prevent the dollar from weakening.

This policy was reflected in

the comment, after the rally, by

Mr. William Miller, the chair-

man of the U.S. Federal Reserve

Board, that the dollar was now

in an appropriate zone. He said

it would be premature for the

dollar to become much stronger,

while if the dollar became

weaker that would be "in-

appropriate and unacceptable."

Mr. Rimmer de Vries, a senior vice-president of Morgan Guaranty, estimated before this

week's pressure that the major

central banks had spent between

\$86bn and \$106bn on intervention

and hence jeopardised its

chances of containing inflation.

The demonstration by the

central banks of the major

countries of their willingness to

intervene heavily was, at first

regarded as a "welcome signal

of the change of sentiment." But

the intervention has now

become a more negative influence

and has been seen as a

sign of the foreign exchange

market's continuing nervousness.

The renewed pressure on the

dollar in part reflects doubts

about the rate of improvement

of the U.S. economy. There

have been doubts about the

Carter administration's willing-

ness to press home the battle

against inflation in view of the

risks of producing a recession

with less than two years to go

before a presidential election.

The latest rise of interest rates

gives some reassurance, though

otherwise conditions are still

uncertain. Otherwise conditions are still

uncertain.

The future level of the dollar

has key implications for the

start of the EMS in days

time. Dollar instability would

put severe strains on the links

between say the "frat" and the

Deutsche Mark since most of the

upward pressure would pre-

sumably be on the latter.

Indeed one of the main reasons

why West Germany was so keen

on launching EMS was to pro-

vide what was, for Bonn, an

acceptable way of creating a

European currency bloc and a

reserve asset to counterbalance

the dollar. Several European

leaders are keen to broaden out

any zone of stability to include

the Yen and the dollar. What the

events of the last 18 months

make clear is that this can only

be achieved if economic and

monetary conditions are right.

Otherwise conditions are still

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the difference between the

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last night the Minister of Educa-

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ABM joins the crisps and nuts battle

IT WOULD have been lovely if this had happened in a year's time," says Dr Keith Bright, Associated Biscuits' chief executive. "But, if you don't grasp opportunities when they come, you lose out."

"This" is the highly ambitious takeover agreement announced last week, whereby Associated Biscuits (ABM) will buy the Smiths Food Group from its present owner, General Mills Inc., of the U.S., for \$18.4m. Subject to its shareholders' approval, the deal will increase ABM's food sales in the UK by 50 per cent at a stroke.

The bid follows 18 months of hectic activity at ABM since Dr. Bright joined the group in July 1977. He arrived at a time when the group's position in the market place was visibly declining.

ABM's fortunes were heavily dependent on a narrow sector of the dull British biscuit market, with just two brands — Jacobs' Club and Jacobs Cream, Crackers — accounting for more than one-third of its UK biscuit sales. These brands were under attack in an increasingly competitive market environment — and ABM had failed to fight back effectively.

For some years, short-term profitability seems to have had priority over long-term brand development. The group had responded to pressure on its profit margins by cutting back promotional spending as a proportion of its sales, and by pushing up its prices in advance of its (stronger) competitors. With market share declining, profits growth ran out of momentum in 1975-76.

Dr. Bright, who joined ABM from the Far Eastern conglomerate, Sime Darby, drew up an ambitious corporate plan in three months flat. His first move was to call on the headquarters who have duly obliged with a whole stream of new appointments across ABM's entire



Dr. Keith Bright, chief executive of Associated Biscuits: ambitious corporate plan.

operations. The biscuit division has a new managing director, sales director and marketing director; the specialist chocolate company has a new operations director and a new sales director; and several of the overseas subsidiaries also have new sales or marketing heads. The next priority was to stop and reverse — the decline in UK market share. The advertising budget this year is up by 50 per cent, and is running at about 3 to 4 per cent of sales. This, claims Dr. Bright, is about average for the industry, and the proportion is set to rise further next year when ABM plans to launch a string of new products.

At the same time, the group started a cost-cutting campaign aimed at shaving an annual £5m off corporate overheads. The sales force was redirected and reduced in numbers, and some

10,000 small accounts were closed. And the UK biscuit division has 750 fewer employees than it did a year ago. So far, Dr. Bright says, the savings add up to about £3m a year.

In addition, ABM has expanded its business on the Continent and in North America via a series of small acquisitions. So far this year, it has brought high class confectionery companies in France and West Germany, a biscuit manufacturer in Chicago, and what is said to be Germany's leading marshmallow maker. In Britain, chocolate confectioner Bendicks (Mayfair) joined the fold in November.

It is much too soon to say whether this burst of activity is going to produce results, or goades. Over the very short term, market share has been bought back at the expense of profits. ABM's slice of the UK

biscuit market is now put at 18 per cent, compared with maybe 16 per cent earlier this year and as much as 22 per cent six or seven years ago. Profits for the year ending this month are expected to fall from £9.2m to £8.8m before tax (partly thanks to a reduced shareholding in its Indian associate) but there are signs that next year's outcome could be noticeably better.

However, Smiths Food is much the biggest test for the new management at ABM. There are several reasons for the acquisition. With an extra £7m or so of sales, it will give the enlarged group a much greater clout in the market place. The two businesses are broadly complementary — long-life convenience foods often with a cereal-type base — and there are some successful precedents. United Biscuits, the

UK's biggest biscuit manufacturer, has been broadening its product base for years, and KP Nuts was one of its most successful acquisitions.

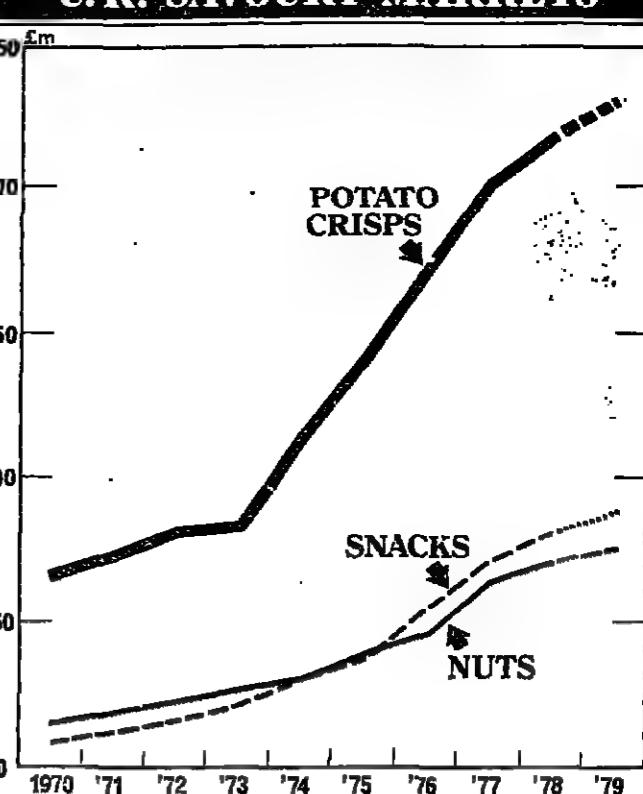
ABM already has a small position in the snack food business, which accounts for around 30 per cent of Smiths' sales, with successful products like Twiglets and Cheesielets. Nuts make up about a fifth of Smiths' sales, and crisps take up the rest.

The hope is that the takeover will lead to more efficient distribution and marketing systems. ABM's strength in the past has been in selling to the grocery trade, whereas Smiths has much stronger links with licensed trade outlets. Bringing the two together will, according to Dr. Bright, bring scope for increased penetration in both types of outlet.

Smiths has a poor profit record, and actually made a loss of £261,000 in the year to last April. But this may at least partly be to do with the way that it has been managed since General Mills took full control in 1967. The purchase came at a time when the U.S. group was bent on expanding its snack food business around the world, but in the words of a company spokesman, "The emphasis of our business has changed. We have not expanded as aggressively as anticipated into snack foods."

In the view of one British food manufacturer, General Mills' thuggery these days are the Rockies on one side and the Appalachians on the other. Certainly Smiths has lost out badly to Golden Wonder, a business which was largely confined to Scotland when the Imperial Group acquired control in the early 1960s. Since then, it has carved itself out the number one slot in UK crisps — a business worth an estimated £230m a year at retail prices — with just over 30 per cent of the market. Smiths, which dominated the scene at

U.K. SAVOURY MARKETS



recently described as "bonusing" during the last year or so.

Demand for the product can vary enormously according to the price of potatoes, and the great weakness seems to be the lack of a strong brand following. In spite of all the fancy flavours that are available these days, crisps seem to rank simply as a commodity in the consumers' eyes, and there is not enough about them to attract either a strong brand image or even an individual character.

In the words of Miss Daisy Hyams, Tesco's Wholesale's re-

doubtable managing director, "Crisps are crisps. And if Associated Biscuits is not willing to trade as flexibly as the competition, it will lose our business."

That would be bad news for Smiths, for its sales to Tesco are roughly as big as Golden Wonder's in spite of its apparent emphasis on sales to the licensed trade. ABM's new management all had established reputations before they joined the group: they are certainly setting themselves an ambitious course.

Letters to the Editor

Protective agencies

From Professor D. Johnson.

Sir — Recently I am examining the reasons for and implications of the paradox of why many Western intellectuals argue for government regulation in the market for privately produced goods and services, but vigorously support laissez-faire in the market for ideas — the free exercise of religious beliefs, speech and writing. Putting it another way, why is it that the Government is assumed competent to regulate, say, cornflakes but not editorials, and why consumers are assumed to need protection in one field but not another?

On the course of working on the above, and contemplating the human condition, I realised that technological changes have brought different religions into increasing contact with people (economists or scale), with the result that the United States has become a sort of religious "hollyhouse" for incubating (producing) "new varieties of spiritual life. And that this market has been segmented by various religious groups (again producers) supplying an array of offerings (consumer services) that appeal mostly to young followed under the age of 30.

What role should the various consumer protective agencies have in validating the contested assertions of semi-religious authorities in their claims to give meaning to the lives of their spiritually hungry denizens? Since economists usually argue for some type of government intervention when the market for goods generates neighbourhood or spillover effects, e.g. air and water pollution — what therefore should be government policy towards those who propagate (produce) ideas that do the same? Since it can be shown that the distinction between the market for goods and the market for ideas is not valid, the adoption of a consistent view for government policy in the two markets raises some interesting dilemmas for supporters of a government regulation.

Dr. D. Johnson
Professor of Business Economics, University of Washington, and
Sir John Cass Senior Research Fellow, 1976-79
City of London Polytechnic, Department of Economics and Banking School of Business Studies, 26 Moorgate, EC2.

ingly, more suicidal wars instead of if the world were "structured," referring their conflicts to a central world legal authority whose decisions would be legally binding on them.

(Mrs.) Miss Lord,
11 Euclid Court,
Canaught Gardens, NW10

Telephone funds

From Mr. D. Neal.

Sir — Over the last two years I have been promised some 100 refunds by telephone operators for my losses through misfunctioning call-boxes. The sum involved is about £3. Not one penny of this has been refunded. Reminders to telephone managers at Dial House and Chelmsford Street have not been answered.

The P.O. Director of Public Relations says in your columns (December 13) "It is our policy to give a credit without question. This applies to wrong numbers or where the caller has misdialed."

Perhaps he can say when this policy takes effect.

D. Neal,
9 Compagny Gardens, NW8.

Christmas stamps

From Major E. Anderson.

Sir — I congratulate the Post Office on the pleasant design of the 1978 Christmas stamps, but they pose a problem. Without careful inspection it is impossible to differentiate between the 7p and 9p stamps. How do Post Office sorters cope with this?

There are still many commemorative stamps which may be used. How can sorters recognise at a glance which of these deserve first-class treatment?

Should not one dominant colour be used for each on long issue?

Major E. W. S. Anderson,
Orchard Cottage, Fownhope,
Hereford.

Assessing qualities

From Professor L. Rosenhead.

Sir — The well-presented punctilious comments of Michael Dixon (November 30) in his article on University qualifications merit some additional comments and a few questions.

Mr. Dixon brings clearly into public view the fact, which is rediscovered from time to time, that the academic staffs of various Universities in Great Britain have no uniform attitudes towards the academic significance of an "honours degree." In addition, if it were possible to quantify this significance, I doubt whether uniformity would be found even within any one University.

Would this kind of uniformity, if it existed, be of any help to those who recruit for commerce, industry and public services? Is it not desirable, when dealing with human material (all of which is of reasonably good quality) and at a very sensitive period of its life (patter) to welcome diversity of attitude on the part of its assessors, rather than uniformity?

The world is in the un-civilised, warring state it is in at the end of 1978, precisely and categorically because the "world" is "unstructured." When nations have conflicts, they "slug it out" in increasing

An appropriate trade union

From the Assistant General Secretary, Association of Scientific and Managerial Staffs.

Sir — I read with considerable pleasure the news item of December 19 which reported that the president of the Institution of Chemical Engineers had recommended all his members to join an appropriate trade union.

This advice, of course, stems from a growing realisation that such staffs must join a trade union if they are adequately to safeguard their standard of living and to take part in the key decisions which will influence the shape of industry in the coming period of rapid technological change.

I was saddened, however, to read that the advice to his members in the chemical and process industries to join tiny organisations without recognition or influence, yet again revealed a lack of understanding of the established industrial relations throughout private industry.

Far from assisting his members in coming to terms with the new realities, the advice given could well be a recipe for further aggravation and difficulties.

An introduction to the opportunities of trade unionism by joining an inappropriate trade union could be the worst possible experience for those genuinely concerned with the problems and needs of their colleagues and themselves and the all-important requirements of British industry.

Mr. Dixon's comments on the need for government bodies to be held responsible for their actions are well founded.

Customers buy goods and services by the piece and these are created by changing the form or location of materials or services. It is this process of change which adds value to materials and which requires the skill, time and energy of people which can be multiplied by the use of tools, equipment and money.

Until this fundamental equation is understood, it is useless to try and present a series of figures which are just subtractions or additions of a series

Market forces

From Mr. P. Frost.

Sir — I like your main editorial of December 15 and would sum it all up as a "return to market forces and the obvious disciplines this brings." Precisely what the Opposition and many thinking people have advocated for some considerable time.

I would, however, take issue with your implied notion in paragraph eight that people working for government bodies cannot be sacked. This is the very portion of our working population that needs to be reduced, and reduced drastically, especially on the administrative side.

After all, why should the rest of the population sit back and see our very rich North Sea oil bonus being squandered on a continuing proliferation of unnecessary government agencies?

One factor that would help immensely in getting the economy moving again would be if government would make our membership of the EEC worthwhile instead of the constant dithering. After six years of membership I don't know of anyone who now expects that any of the promised benefits made at the time we joined will actually accrue, so the Government does not need to be concerned with letting people down because this has already taken place.

I would also suggest a sharp reduction in taxation levels and a drastic cutback in government borrowing together with a definite commitment to the European monetary system.

P. T. Frost.
11, Mossfield Close, Lexden,
Colchester, Essex.

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Unigate's expansion to £15m in 24 weeks

INCLUDING results from Carding Group and Cardena Cheese Company Inc, for the period, taxable profits of Unigate surged from £9.5m to £15.1m for the 24 weeks ended September 8, 1978 on turnover well ahead from £35.0m to £50.0m.

The directors state that although the achievement in the first half is satisfactory, it would be unrealistic to expect this rate of progress to be maintained in the second period in the light of intense competition and political and economic uncertainties.

Profits for the whole 1977/78 year were a record £31.46m on turnover of £97.35m.

For the first half the trading profit of £18.8m (£12.3m) was split to activity as to: milk and milk products £12.9m (£8.4m), meat and meat products £3m (£2.4m), and transport, garages and other activities £2.1m (£1.5m).

The directors report that while the results from some sections of the dairy business are encouraging overall the return is less than that needed to meet the requirements of a developing business.

The improvement in the performance in the meat and meat products division is satisfactory, they add, despite the difficulties experienced in the industry.

Transport, garage and engineering activities performed well and continued to make progress.

and the group's overseas activities made an important contribution, and future prospects are encouraging, they say.

Earnings per 25p share are given as 5.96p compared with 3.74p and the interim dividend payout is raised from 1.33p to 1.5p net—last year's final was 2.10p.

24 weeks 1978 1977
Turnover £100m £100m
Interest 30,000 3,000
Associated companies 100 200
Profits before tax 16,000 8,500
Attributable 13,100 7,400
Attributable 11,500 7,400

See Lex

Norton & Wright upsurge

WITH TURNOVER well ahead at 24.2% against £1.56m, pre-tax profits of Norton & Wright Group jumped from £16.671 to £40.732 for the half year to September 30, 1978, in the last full year, taxable surplus reached a peak £941.000.

After £65,000, first-half net profits increased from £16.671 to £35.352. From stated earnings of 8.33p.

Lindustries chairman looking for better year's figures

ON TURNOVER up 12 per cent from £45.75m to £51.09m taxable profits of Lindustries went ahead from £9.67m to £13.22m for the 28 weeks ended October 14, 1978.

Mr. W. E. Luke, the chairman, says he expects the results for the full year to show an increase for the previous year, profits were £16.83m, just off the record £27.02m for 1975/76.

Earnings are shown as 13p (12.38p) per 25p share and the interim dividend is increased from 3p to 3.3p net—last year's final payment was 8p.

28 weeks 1978 1977
Turnover 51,090 45,750
Engineering 10,000 9,000
Overseas 8,647 8,604
Textile 10,785 10,677
Overseas 8,692 8,176
Profits before tax 13.222 9.671
Attributable 12.890 9.374
Polymer 678 487
Textile 1,155 985
Overseas 1,102 985
Interest, net, rec. 28 28
Interest payable 275 181
Ex. profits of assets 20 62
Profit before tax 13.222 9.671
Tax 1,000 900
Net profit 12,012 2,566
To minority interests 186 144
Attributable 11,826 2,361

Under a provision for a loan to the extent that, in the opinion of the directors, it may become payable in the foreseeable future, comparative figures have been adjusted accordingly. Results of the engineering

(adjusted 2.7p), the interim dividend is effectively lifted from 0.6555p to 0.7318p net—last year's payments totalled an equivalent £11.475p.

The company, which has "close" status, is involved in the production and distribution of lottery tickets, fund raising cards and schemes.

A. Cohen slumps halfway

PRE-TAX profits of A. Cohen and Co, metal refiner and non-ferrous alloy manufacturer, slumped from £1.1m to £20,000 for the half year to June 30, 1978, but the directors say that taxable profits for the full year will not be less than the £1.8m for 1977. They add, however, that net profits will be lower.

Turnover for the first half was down from £21.89m to £20.44m and profits were subject to tax of £345,000 against £428,000 and minorities £15,000 (£213,000). Earnings have fallen from 24.63p to 5.83p per 20p share.

The interim dividend is increased to 2.15p net compared with last year's 1.925p—the final for 1977 was 3.5052p.

From stated earnings of 8.33p.

DIVIDENDS ANNOUNCED

	Current	Date	Corre-	Total	last
	payment	of	sponding	div.	year
Batleys	int. 1.43	Feb. 22	1	—	3.64
Brit. Benzol	int. 0.5	Jan. 29	Nil	—	0.6
Charthouse Grp. 2nd int.	2.24	Feb. 23	2.18	—	3.36
Charter Trust	1.7	Mar. 9	1.45	2.45	2.15
A. Cottier	2.15	—	1.93	—	5.43
Domanska	0.555	Feb. 2	0.33	—	1.45
Formister	1.54	Feb. 23	1.38*	—	2.79*
Homfray	1.81	April 3	1.81	3.13	3.13
Lindustries	3.3	April 2	3	—	9
Norton & Wright	0.73	Feb. 10	0.68*	—	2.11*
R. Paterson	1.04	Feb. 6	1.5	—	2.55
Trustees Corp.	1.81	April 2	1.33	—	3.44
Unigate	1.5	April 2	Nil	—	Nil
Wearwell	0.3	April 2	Nil	—	Nil

Dividends shown per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. + On capital increased by rights and/or acquisition issues. £ As forecast and to reduce disparity. £ 3,6905p to date in 15 months period. To reduce disparity and includes 0.017p for tax adjustment.

Charthouse rises 44% to £9.81m so far

IN THE current extended 15 months accounting period, pre-tax profits of Charthouse Group, excluding its banking side, expanded 44 per cent from £6.81m to £9.81m for the 12 months to September 30, 1978.

When reporting first-half

profits of £3.6m the directors said 1978 should show a significant increase in profit.

To produce a more even half-yearly split of group profit, the company is changing its year-end to coincide with the calendar year.

The profit of the bank, Charhouse Japeth, is no longer grossed up at the standard rate of 15% tax but is shown after tax and transfer to interest reserve, at £81,000 (£515,000).

This method is in line with the bank's own published accounts and will be followed in the group's annual accounts for 1978, the directors explain.

The pre-tax result was struck after interest of £5.47m (£5.17m). Tax charge takes £3.24m (£2.13m) and after minorities, attributable profits rose 32 per cent to £6.8m.

Results were after making a first time provision of £300,000 for depreciation of freehold and long leasehold properties in accordance with SSAP 12.

The directors say Newage Engineers performed outstandingly well and Spring Grove and Nancour increased profits. But Charcon, although benefiting from the sale of a major loss-making activity, continued to experience problems in another subsidiary, Glanvill Bathoven produced lower profits.

The first profits contribution from Charhouse Petroleum

Development arose in the six months to September 30, 1978. However, since that date there have been production delays and last quarter results from Thistle will be below earlier expectations.

A second interim dividend of 2.205p (2.175p final) net makes the total to date £3.995m, compared with £3.355p in the previous 12-months' accounting period (£2.15m (£2.07m)).

The directors will recommend a final dividend of £4.10p per share on December 31, 1978.

To comply with the requirements of the Companies Act, the group must hold an annual meeting on May 25, 1979 and it has therefore been scheduled for January 25, 1979, at Peter Foster Row, Epsom, at 10 a.m.

However, as audited accounts for the 15 months period will not be available, the chairman will adjourn the meeting and re-convene it on June 28, 1979.

See Lex

Trafalgar House expects large newspaper profits

NO MORE major acquisitions are planned at the moment by Trafalgar House but the directors will continue to buy small companies as the opportunity arises, Mr. Nigel Brookes, the chairman, comments.

The turnaround at Express Newspapers was in the context of generalised, therefore, the sale of the group's assets and services.

The most recent key purchase, Morgan-Grampian, bought in January, is already making appreciable money than at the time of acquisition. With this and Express Newspapers, formerly Beaverbrook, now back in profit he is confident that the new newspaper and magazine division will soon be a source of substantial profits.

Overall the group's performance was enhanced last year by unusually high receipts in certain areas, while other areas bore unexpected burdens. The directors look forward to a more conventional balance in the figures before long.

As for the current year he says that the group hopes to be free from the exceptional costs and interruptions of 1977/78 but on the other hand will not enjoy the exceptional levels of receipts that arose in two divisions.

The tax charge of £5.344 (£11.801) is based on SSAP 18 and does not include provision for deferred tax. The comparable figure has been adjusted.

Net profit comes out at £249,043 (£240,260).

For the whole of last year the group made a record pre-tax profit of £336,000 and paid dividends totalling 3.643p net, against 3.2618p. This time the interim dividend is raised from 1p to 1.1p net. Stated earnings per 10p share are down from 8.87p to 8.09p.

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Net profit comes out at £249,043 (£240,260).

For the year to September 30, 1978, group taxable revenue was ahead to £60.63m (£46.41m) despite a sharp setback in shipping, aviation and hotels from £17.68m to £22.95m before interest—as reported December 18. The net dividend is raised to 5.76p (5.18p) and a one-for-two scrip issue is proposed.

At year end, net funds showed a decrease of £1.57m (up £3.73m) and capital commitments amounted to £14.33m (£9.09m) of which £2.87m (£1.73m) had been authorised but not contracted.

It is expected some 2,600 employees will participate in the proposed post-share scheme which, if approved, will cost about £0.75m in the current year. The average number of UK employees of the group last

year was 20,000 and a further 11,000 or so were employed overseas.

During 1977/78 the group's bank carriers all ran into significant losses and the entire fleet was sold. It is difficult to predict a recovery in shipping in general and, therefore, the sale of the group's prospective revenues must come from the two container consortia of ACTA, serving Australia and New Zealand from Europe and the U.S., and ACT operating between Europe and the U.S. and Canada.

The compensation of the group's fleet is being adjusted to make likely a return to a reasonable level of profitability next year, if not this, he adds.

The Q4 is currently undergoing a major refit and modernisation. By year-end, cost of £3m will be incurred and a further £2.5m was expected to be spent here in the first quarter of 1979.

In terms of number of schemes the group's involvement in property is higher than it has ever been and, although net assets have risen from the division's unusually high of £22.63m to £22.95m before interest, it is expected to produce continuing results at a higher level from now on than generally applied in the years prior to 1977/78, the chairman states.

Meeting Baltic Exchange, EC on January 14 at 10.30 a.m.

See Lex

Batleys up at halftime

INCREASED pre-tax profits of £270,887, against £262,161, were announced by Batleys of Yorkshire, the oil and gas Harry Whaler, for the year to October 28, 1978. Turnover expanded from £24m to £28.39m.

For the whole of last year the group made a record pre-tax profit of £356,000 and paid dividends totalling 3.643p net, against 3.2618p.

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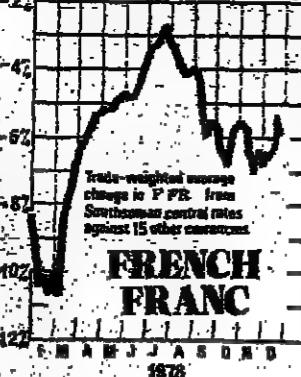
CURRENCIES, MONEY and GOLD

Dollar firmer, pound steady

The dollar gained ground in quiet nervous trading yesterday. Trading has tended to wind down towards the end of the year, while doubts about the future trend in currency movements following the OPEC oil price cut and nervousness about the start of the European Monetary System have been fading to a low level. This may have encouraged one or two central banks to take advantage to push up the dollar, while there was no pressure in the market.

The U.S. currency began trading fairly steadily, but then rose sharply in the morning for no apparent reason. It reached a high point of \$2.0020 against the D-mark before closing at DM1.8630, compared with DM1.8670 previously. The dollar improved to SwFr 1.6830 in terms

Source Morgan Guaranty



FRENCH FRANC
1978

Source Morgan Guaranty

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NORTH AMERICAN NEWS

AT & T profits attacked as excessive

By Our Own Correspondent

NEW YORK—Just after American Telephone and Telegraph announced an 18.3 per cent rise in earnings for the third quarter, its largest customer, the U.S. Government with over a million phones, has complained that its phone bill was too high.

The General Services Administration, which handles the Government's business affairs, has now asked the Federal Communications Commission to investigate AT & T's profits, claiming that they are excessive and should be cut.

The GSA says that the FCC's profitability ceiling of 9.5-10 per cent should be reduced to 9 per cent so as to cut telephone costs for the entire country.

AT & T acknowledges that its rate of return will probably be over 10 per cent this year. But it claims this is due to increased productivity, and it says that, if anything, profitability ceilings should be raised.

Bendix credit

Bendix Corporation has made new revolving credit and term loan arrangements totalling \$100m through several banks and has also completed a \$50m private placement borrowing, reports Reuter from Southfield.

Occidental Petroleum drops \$1bn Mead bid

By DAVID LASCELLES

NEW YORK—In one of the most dramatic turnarounds of the U.S. bids and deals scene for some time, Occidental Petroleum has backed out of its four-month battle for control of Mead Corporation, the Ohio forestry products company. The end of this takeover attempt, valued at nearly \$1bn and among the largest this year, places a big question mark over Occidental's corporate strategy. Mead, though now victorious, may not have come through unscathed either.

Occidental's admission of defeat came in a terse statement from its Los Angeles headquarters. It blamed the ferocity of the Mead management opposition and said this made it unlikely that Mead executives would co-operate

even if the merger were to go through. And in a bitter final comment on the episode, Occidental remarked on the drain on time and money represented by the "corps of lawyers" involved in the legal wrangling.

Occidental's bid, announced in August, was aimed at exploiting the company's high cash flow from oil operations in the North Sea and elsewhere to gain a foothold in new resource areas through acquisition. Mead was chosen for its rich forestry assets, and its long-term potential which would balance out Occidental's waning oil assets.

But the bid encountered immediate and tough opposition from Mead. The management mounted a barrage of defences, ranging from anti-trust to the sheer inadequacy of Occidental's

failure. Mead was later joined by the Justice Department which objected on grounds of anti-trust and the possibility that Occidental could transform Mead into a dominant force in the paper market.

The latest development in the battle was an order from an Ohio judge barring Occidental from pursuing their offer until the end of this month so as to give the court time to study all the issues raised by Mead and the Justice Department. But this could well have been the last straw for Occidental.

The failure of the bid could now cost some high Occidental executives their jobs, analysts believe. But whoever is made the scapegoat, Occidental's credibility as a takeover bidder has taken a hard knock.

Dictaphone agrees terms

By OUR OWN CORRESPONDENT

NEW YORK—Pitney-Bowes and Dictaphone, the two big names in office equipment, confirmed that they are to merge. In a \$130m deal which had been revealed last week that it had been approached by a then unidentified suitor, Dictaphone will be absorbed into a wholly-owned subsidiary of Pitney-Bowes.

Terms of the deal are roughly the same as those announced earlier. Pitney Bowes will make a tender offer of \$28 in cash or up to 2m of Dictaphone's 4.3m shares. It will acquire the rest through a new issue of convertible preferred stock with a stated value of \$28. The main improvement negotiated by Dictaphone seems to be an increase in the dividend carried

by these shares, from \$2 to \$2.12.

Now that the boards of both companies have agreed terms, final approval is dependent on definitive agreements and the shareholders' go-ahead.

The new combined company would have annual sales in the region of \$1bn, it is estimated, making it a leader in the office equipment field.

INTERNATIONAL CAPITAL MARKETS

Iran turmoil prompts precautionary moves

By OUR EUROMARKETS STAFF

INTERNATIONAL BANKS with large loans extended in Iran have started to take the first precautionary steps to protect themselves against any further deterioration in the country.

At least one bank has begun a process, in connection with a \$100m syndicated loan, which could potentially empower it, along with other participating banks, to call for immediate repayment.

The growing political instability in Iran, which has disrupted both the Iranian Central Bank (Bank Markazi) and the domestic banking system, has caused widespread concern in the international banking community.

It is clear that Iran, one of the most regular of the borrowing nations in OPEC on the medium-term Eurocurrency mar-

kets would have little success in attempting to raise new finance at the moment.

In the main, however, most banks participating in existing Iranian Eurocurrency loans are reporting a surprisingly high degree of reliability by the borrowers in meeting due interest and principal repayments, despite the banking disruption in Tehran.

One London banker said "most of the obvious characteristics of default, such as delays in payment or the failure to make regular reports, are generally not occurring with Iranian loans."

In addition, several banks in the past few days have allowed a private sector Iranian company to start drawing on a credit arranged earlier in the year. This, one bank pointed out, illustrated that confidence

was still being displayed in the resilience of the Iranian economy.

A few banks are said to have encountered slight delays on payments, and are watching carefully to see if the volume of missed payments starts to build up to worrying levels.

Chase Manhattan, the agent bank for a \$100m syndicated loan to Iran, has advised banking members of the syndicate group to consider an "adverse material change" clause contained in the loan agreement.

As the agent, Chase is ensuring that all syndicate members are fully aware of their rights under the loan agreement.

The clause itself would empower banks in the syndicate to call for immediate repayment of the loan, although it is stressed that this is unlikely to happen.

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AS 400,000,000

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und Salzburg

DIE ERSTE
österreichische Spar-Casse

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Österreichisches Credit-Institut,
Aktiengesellschaft

Zentralsparkasse der Gemeinde Wien

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European Banking Company
Limited

Swiss Bank Corporation (Overseas)
Limited

Bank für Kärnten
Aktiengesellschaft

Bank für Tirol und Vorarlberg
Aktiengesellschaft

Genossenschaftliche Zentralbank
Aktiengesellschaft

Österreichische Volksbanken-
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Banque Bruxelles Lambert S.A.

Kredietbank S.A. Luxembourgeoise

EUROBONDS

Flexible
DM loan
calendar

By John Evans

The big German commercial banks have set a flexible Deutsche Mark foreign loan calendar for January under which a maximum total of approximately DM 1.1bn of issues will be launched.

Last month's calendar of DM 1.2bn proved difficult for the German bond market to absorb, and four issues were subsequently cancelled.

According to unofficial indications after the mid-week meeting of the Central Capital Market sub-committee in Frankfurt, nine issues will be scheduled in January.

In addition, a DM 100m bond is earmarked for a supranational organisation which does not have to be cleared by the sub-committee.

However, depending on conditions in the foreign DM market next month, the size of the calendar can be reduced to as little as DM 85m, German bankers reported.

For instance, Westdeutsche Landesbank is said to be scheduling up to DM 390m of issues, but with licence to reduce this figure to DM 340m.

The calendar provides for DM 220m of issues from Dresdner Bank, Commerzbank with DM 100m, Deutsche Bank with between DM 250m and DM 350m, and Deutsche Genossenschafts Bank has a DM 40m private placement.

Prices in the Deutsche Mark Eurobond sector were little moved in dull pre-Christmas trading yesterday. The DM 150m 10-year bond for Norges Konsumentbank has been priced at 99, with a 6.1 per cent coupon, according to a manager Westdeutsche Landesbank.

Trading in the Eurodollar bond market remained light, with most prices little changed. The dollar rallied slightly and short-term Eurodollar interest rates, after nearing 12 per cent at one stage, subsequently moved lower.

Some support was encountered for floating rate notes, with the \$100m Bank für Gemeinwirtschaft issue quoted at 97 to 98, up nearly 1.

S. G. Warburg, manager of the new ECSC \$50m issue, lowered its bid again to 96 yesterday from 96 1/2 on Wednesday, according to dealers.

British Gas this week began its programme of commercial paper sales in the U.S. By mid-week, the state undertaking had placed about \$1bn of its paper with investors.

The placements were mainly concentrated in 30-day maturities, where prime-rated A-1 and P-1 paper (the rating awarded to British Gas) currently commands around 104 per cent.

As known, British Gas has set up a \$250m Eurodollar standby facility to back up an equivalent amount of commercial paper operations, which are being handled by Goldman Sachs.

In response to a fax by Chase, most syndicate members have apparently replied with answers showing little immediate concern.

Repayments of principal and interest on the loan, made two years ago to the semi-State Industrial Credit Bank of Iran, are still being displayed in the Iranian economy.

A few banks are said to have encountered slight delays on payments, and are watching carefully to see if the volume of missed payments starts to build up to worrying levels.

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IRI plans to spend \$16bn in the next three years

By RUPERT CORNWELL

ROME—Istituto per la Ricostruzione Industriale (IRI) the state conglomerate announced plans for a three-year investment programme between 1979 and 1981 totalling L13,400bn (\$16.5bn).

The programme which was set out in a document from Italy's largest industrial group to the parliamentary commission dealing with the state sector, is based on the maintenance of the IRI workforce at about its present level of 520,000 and the return of the group to financial balance at the end of

structuring existing group companies. But the lion's share, or 78 per cent, will be spent on what is described as "enlargement and modernisation" schemes, concentrated mainly in the telecommunications division of IRI.

On sales of over L14,000bn in 1977, IRI reported an overall loss of L722bn (\$900m). Modest price increases generated by the bank and service interests of the group were totally eclipsed by heavy losses in its steel and automobile divisions.

The document states that IRI, its subsidiary SIP, and its other divisions will not be able to cover its costs and has obliged to cut back into the black by converting and reorganising its loss-making activities, and by

concentrating on strategic high technology, such as the nuclear industry, electronics and computers.

The document does not go into great detail on how the money will be provided. But the conglomerate lays great stress

on the undercapitalisation of many of its operating companies, and suggests that the state will have to provide some of the funds required in that form.

IRI also warns that without a rise in telephone tariffs charged

to meet its goal of getting back into the black by converting and reorganising its loss-making activities, and by

Didier sees maintained earnings

By Guy Howarth

FRANKFURT—Sales of Didier-Werke, West Germany's leading manufacturer of refractory bricks and fire-proofing products, are higher than expected for this year and profits are likely to be maintained at last year's level, says Herr Goedde.

Herr Goedde also pointed out that the motor industry, although a major consumer of special steels, was continuing to substitute lighter parts for heavier, and to use castings instead of forgings.

Imports of special steel products fell back as a proportion of the total from 11.1 to 10.3 per cent, although for some products the proportion of imports in the West German market is now as high as 45 per cent.

Exports were up by about 15.7 per cent for the West German special steels industry as a whole, Herr Goedde said, but he stressed that the quotation of prices in dollars had meant a further deterioration of export profitability.

For the current year, Thyssen Edelstahl is making no firm predictions, in part because of the uncertain effects of the steel industry dispute. The first two months of the new business year had, however, improved in terms of output, orders and profit.

A drop in sales, from 1978's DM 508m, had been unavoidable, he said, adding that 1978 would be another difficult year. While he was optimistic about the company's long-term future, he was by no means so confident about the year's outcome. The development of the international steel business in the second half of 1978 would determine whether or not the company would succeed in maintaining its 1977 performance.

With the year's turnover figures forecast at 1978's levels, despite the current strike which has cut production at many of the Federal Republic's most important steel plants, profits are expected to remain at about

last year's level of just over DM 11m (\$6m). These shareholders can look forward to at least a repeat of last year's DM 4 per cent share dividend.

The circular makes no mention of the likely dividend and, therefore, it remains unclear whether holders can also expect a repeat of 1977's DM 1 per share bonus.

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